維他奶國際集團有限公司
VITASOY INTERNATIONAL HOLDINGS LTD.

(Incorporated in Hong Kong with limited liability)
(Stock code: 345)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014

HIGHLIGHTS

- Consistent business growth with acceleration across categories and geographies.
- Key business performances
  - Hong Kong and Macau – Consistent growth driven by focusing on core categories and in store execution.
  - Mainland China – Acceleration via innovation, execution and expansion.
  - Australia and New Zealand – Solid growth behind VITASOY restage, offset by weakened Australian dollar.
  - North America – Sustained top line growth whilst restoring profitability.
  - Singapore – Maintained leadership and increased profitability.
- The Group's net sales revenue in FY2013/2014 was HK$4,494 million, up 11% from HK$4,051 million in FY2012/2013.
- Gross profit for the year was HK$2,175 million, up HK$250 million or 13%. Gross profit margin was 48%.
- EBITDA (Earnings before interest income, finance costs, income tax, and depreciation and amortisation) for the year was HK$653 million, up HK$35 million or 6%.
- EBITDA margin to net sales was 15%.
- Profit before taxation was HK$457 million, increased by HK$34 million or 8%.
- Profit attributable to equity shareholders of the Company was HK$307 million, increased by 2%.

RESULTS

The Board of Directors (the "Board") of Vitasoy International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2014, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2014

	Note	**2014** **HK$'000**	2013 HK$'000 (Restated)
Turnover	3 & 4	**4,493,885**	4,051,248
Cost of sales		**(2,319,071)**	(2,125,885)
Gross profit		**2,174,814**	1,925,363
Other revenue	5	**50,690**	51,067
Marketing, selling and distribution expenses		**(1,127,326)**	(986,218)
Administrative expenses		**(368,705)**	(311,657)
Other operating expenses		**(259,804)**	(234,395)
Profit from operations		**469,669**	444,160
Finance costs	6(a)	**(13,068)**	(21,102)
Profit before taxation	6	**456,601**	423,058
Income tax	7	**(115,845)**	(88,742)
Profit for the year		**340,756**	334,316
Attributable to:			
Equity shareholders of the Company		**306,693**	301,104
Non-controlling interests		**34,063**	33,212
Profit for the year		**340,756**	334,316
Earnings per share	9		
Basic		**HK29.8 cents**	HK29.4 cents
Diluted		**HK29.4 cents**	HK29.1 cents

Details of dividends payable to equity shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2014

	2014	2013
	HK$'000	HK$'000
		(Restated)
Profit for the year	**340,756**	334,316
Other comprehensive income for the year (after tax and reclassification adjustment)		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit retirement obligation	**3,473**	8,078
Items that may be reclassified subsequently to profit or loss:		
Exchange differences: net movement in the exchange reserve	**(31,159)**	8,772
Cash flow hedge: net movement in the hedging reserve	**(1,600)**	(19)
Total comprehensive income for the year	**311,470**	351,147
Attributable to:		
Equity shareholders of the Company	**290,716**	316,751
Non-controlling interests	**20,754**	34,396
Total comprehensive income for the year	**311,470**	351,147

CONSOLIDATED BALANCE SHEET

At 31st March, 2014

		2014		2013		1st April, 2012	
	Note	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
					(Restated)		(Restated)
Non-current assets							
Fixed assets							
- Property, plant and equipment			**1,526,574**		1,491,519		1,524,520
- Investment properties			**6,192**		6,719		7,246
- Interests in leasehold land held for own use under operating leases			**33,922**		34,878		35,244
			1,566,688		1,533,116		1,567,010
Deposits for the acquisition of fixed assets			**21,412**		1,784		1,156
Intangible assets			**7,359**		9,622		11,622
Goodwill			**39,076**		39,700		39,206
Deferred tax assets			**26,457**		16,452		17,957
			1,660,992		1,600,674		1,636,951
Current assets							
Inventories		**533,328**		436,492		423,339	
Trade and other receivables	10	**725,801**		683,397		668,528	
Current tax recoverable		**654**		1,974		430	
Bank deposits		**518**		446		438	
Cash and cash equivalents		**320,425**		222,602		205,856	
		1,580,726		1,344,911		1,298,591	
Current liabilities							
Trade and other payables	11	**1,062,406**		766,054		771,918	
Bank loans		**51,790**		150,046		305,358	
Obligations under finance leases		**1,176**		1,557		3,784	
Current tax payable		**22,157**		43,158		26,256	
		1,137,529		960,815		1,107,316	
Net current assets			**443,197**		384,096		191,275
Total assets less current liabilities			**2,104,189**		1,984,770		1,828,226
Non-current liabilities							
Bank loans		**68,068**		93,123		79,824	
Obligations under finance leases		**5,203**		7,199		8,750	
Employee retirement benefit liabilities		**9,836**		10,307		16,412	
Deferred tax liabilities		**63,770**		56,296		56,744	
			146,877		166,925		161,730
NET ASSETS			**1,957,312**		1,817,845		1,666,496
CAPITAL AND RESERVES							
Share capital			**655,299**		256,746		255,437
Reserves			**1,094,362**		1,366,129		1,227,074
Total equity attributable to equity shareholders of the Company			**1,749,661**		1,622,875		1,482,511
Non-controlling interests			**207,651**		194,970		183,985
TOTAL EQUITY			**1,957,312**		1,817,845		1,666,496

Notes:

1. Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 31st March, 2014 but are extracted from those financial statements.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefits*
- *Annual improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosure – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to HKAS 36, *Impairment of assets – Recoverable amount disclosures for non-financial assets*, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1st January, 2014, but as permitted by the amendments, the Group has adopted the amendments early. The early adoption of amendments to HKAS 36 does not have any material impact on the disclosures of the consolidated financial statements as the Group's does not have any impaired non-financial assets. Impacts of the adoption of other new or amended HKFRSs are discussed below.

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments requires entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in the Group's financial statements has been modified accordingly.

2. Changes in accounting policies (continued)

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities.* It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st April, 2013.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the consolidated financial statements.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the consolidated financial statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Revised HKAS 19, *Employee benefits*

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

As a result of the adoption of revised HKAS 19, the Group has changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. The change in accounting policy has been applied retrospectively by restating the balances at 1st April, 2012 and 31st March, 2013, with consequential adjustments to comparatives for the year ended 31st March, 2013 as follows:

2. Changes in accounting policies (continued)

Revised HKAS 19, *Employee benefits* (continued)

	As previously reported HK$'000	Effect of adopting revised HKAS 19 HK$'000	As restated HK$'000
Consolidated income statement for the year ended 31st March, 2013:			
Defined benefit retirement plan expense	2,230	2,516	4,746
Income tax expense	89,158	(416)	88,742
Profit for the year	336,416	(2,100)	334,316
Consolidated statement of comprehensive income for the year ended 31st March, 2013:			
Remeasurement of net defined benefit retirement obligation	-	8,078	8,078
Other comprehensive income for the year	8,753	8,078	16,831
Total comprehensive income for the year	345,169	5,978	351,147
Consolidated balance sheet as at 31st March, 2013:			
Employee retirement benefit liabilities	3,282	7,025	10,307
Deferred tax liabilities	57,455	(1,159)	56,296
Total non-current liabilities	161,059	5,866	166,925
Net assets/ Total equity	1,823,711	(5,866)	1,817,845
Retained profits	868,233	(5,866)	862,367
Consolidated balance sheet as at 1st April, 2012:			
Employee retirement benefit liabilities	2,228	14,184	16,412
Deferred tax liabilities	59,084	(2,340)	56,744
Total non-current liabilities	149,886	11,844	161,730
Net assets/ Total equity	1,678,340	(11,844)	1,666,496
Retained profits	752,480	(11,844)	740,636

This change in accounting policy did not have a material impact on earnings per share.

Annual improvements to HKFRSs 2009 – 2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening balance sheet required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening balance sheet. The amendments also remove the requirement to present related notes to the opening balance sheet when such statement is presented.

Since the Group considers that the restatement resulting from the adoption of revised HKAS 19 has a material impact on the opening balance sheet, an additional balance sheet as at 1st April, 2012 has been presented in the consolidated financial statements.

2. Changes in accounting policies (continued)

Amendments to HKFRS 7 – *Disclosures - Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3. Turnover

The principal activities of the Group are the manufacture and sale of food and beverages. Turnover represents the invoiced value of products sold, net of returns, rebates and discounts.

4. Segment reporting

(a) Segment results, assets and liabilities

The Group manages its businesses by entities, which are organised by geography. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31st March, 2014 and 2013 is set as below:

	Hong Kong and Macau		**Mainland China**		**Australia and New Zealand**		**North America**		**Singapore**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)
Revenue from external customers	**1,898,598**	1,796,588	**1,504,785**	1,174,228	**492,359**	515,685	**512,662**	481,616	**85,481**	83,131	**4,493,885**	4,051,248
Inter-segment revenue	**89,527**	80,410	**126,215**	112,932	**510**	392	**-**	212	**-**	-	**216,252**	193,946
Reportable segment revenue	**1,988,125**	1,876,998	**1,631,000**	1,287,160	**492,869**	516,077	**512,662**	481,828	**85,481**	83,131	**4,710,137**	4,245,194
Reportable segment profit from operations	**347,664**	317,895	**144,665**	122,426	**86,735**	87,914	**7,315**	35	**8,323**	7,128	**594,702**	535,398
Interest income from bank deposits	**1,375**	609	**408**	545	**686**	788	**9**	-	**1**	2	**2,479**	1,944
Finance costs	**(36)**	(208)	**(5,363)**	(10,548)	**(7,435)**	(10,315)	**(234)**	(31)	**-**	-	**(13,068)**	(21,102)
Depreciation and amortisation for the year	**(83,959)**	(75,626)	**(57,312)**	(55,352)	**(25,286)**	(27,488)	**(14,691)**	(12,882)	**(4,360)**	(4,323)	**(185,608)**	(175,671)
Other material non-cash items:												
- Equity settled share-based payment expenses	**(1,335)**	(778)	**(404)**	(241)	**-**	-	**-**	-	**-**	-	**(1,739)**	(1,019)
Reportable segment assets	**1,764,284**	1,756,571	**1,128,957**	896,372	**402,452**	490,799	**240,154**	208,057	**102,717**	100,989	**3,638,564**	3,452,788
Reportable segment liabilities	**458,496**	370,117	**671,048**	523,340	**161,966**	243,012	**85,265**	217,640	**11,171**	10,609	**1,387,946**	1,364,718
Additions to non-current segment assets during the year	**78,111**	64,292	**161,538**	25,987	**4,617**	23,553	**31,309**	18,601	**2,763**	2,443	**278,338**	134,876

4. Segment reporting (continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2014	2013
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**4,710,137**	4,245,194
Elimination of inter-segment revenue	**(216,252)**	(193,946)
Consolidated turnover	**4,493,885**	4,051,248

	2014	2013
	HK$'000	HK$'000
Profit		(Restated)
Reportable segment profit from operations	**594,702**	535,398
Finance costs	**(13,068)**	(21,102)
Unallocated head office and corporate expenses	**(125,033)**	(91,238)
Consolidated profit before taxation	**456,601**	423,058

	2014	2013
	HK$'000	HK$'000
Interest income		
Reportable segment interest income	**2,479**	1,944
Unallocated head office and corporate interest income	**29**	21
Consolidated interest income	**2,508**	1,965

	2014	2013
	HK$'000	HK$'000
Equity settled share-based payment expenses		
Reportable segment expenses	**1,739**	1,019
Unallocated head office and corporate expenses	**6,570**	3,747
Consolidated equity settled share-based payment expenses	**8,309**	4,766

4. Segment reporting (continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (continued)

	2014 HK$'000	2013 HK$'000
Assets		
Reportable segment assets	**3,638,564**	3,452,788
Elimination of inter-segment receivables	**(429,752)**	(529,788)
	3,208,812	2,923,000
Deferred tax assets	**26,457**	16,452
Current tax recoverable	**654**	1,974
Unallocated head office and corporate assets	**5,795**	4,159
Consolidated total assets	**3,241,718**	2,945,585

	2014 HK$'000	2013 HK$'000 (Restated)
Liabilities		
Reportable segment liabilities	**1,387,946**	1,364,718
Elimination of inter-segment payables	**(225,576)**	(348,007)
	1,162,370	1,016,711
Employee retirement benefit liabilities	**9,836**	10,307
Deferred tax liabilities	**63,770**	56,296
Current tax payable	**22,157**	43,158
Unallocated head office and corporate liabilities	**26,273**	1,268
Consolidated total liabilities	**1,284,406**	1,127,740

5. Other revenue

	2014 HK$'000	2013 HK$'000
Interest income	**2,508**	1,965
Service fee income	**18,687**	42,270
Rental income	**2,914**	2,316
Reversal of long outstanding other payables	**6,556**	-
Scrap sales	**2,764**	396
Government grant	**3,239**	-
Sundry income	**14,022**	4,120
	50,690	51,067

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2014 HK$'000	2013 HK$'000
(a) Finance costs:		
Interest on bank loans	**12,545**	20,294
Finance charges on obligations under finance leases	**523**	808
	13,068	21,102

(b) Other items:		
Amortisation of interests in leasehold land held for own use under operating leases	**882**	860
Amortisation of intangible assets	**2,110**	2,144
Depreciation		
- Investment properties	**527**	527
- Assets acquired under finance leases	**1,610**	3,852
- Other assets	**180,479**	168,288
Recognition/(reversal) of impairment losses on trade and other receivables	**20**	(68)
Reversal of impairment losses on property, plant and equipment	**(24)**	(72)
Cost of inventories	**2,377,413**	2,175,362

7. Income tax

Income tax in the consolidated income statement represents:

	2014 HK$'000	2013 HK$'000 (Restated)
Current tax – Hong Kong Profits Tax		
Provision for the year	**46,134**	44,158
Over-provision in respect of prior years	**(17)**	(139)
	46,117	44,019
Current tax – Outside Hong Kong		
Provision for the year	**71,406**	49,465
Under/(over)-provision in respect of prior years	**1,574**	(4,388)
	72,980	45,077
Deferred tax		
Origination and reversal of temporary differences	**(3,252)**	(354)
	115,845	88,742

Note: The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2014	2013
	HK$'000	HK$'000
Interim dividend declared and paid of HK3.2 cents per ordinary share (2013: HK3.2 cents per ordinary share)	**33,009**	32,797
Final dividend proposed after the balance sheet date of HK17.0 cents per ordinary share (2013: HK16.6 cents per ordinary share)	**175,787**	170,597
	208,796	203,394

The final dividend proposed after the balance sheet date is based on 1,034,043,500 ordinary shares (2013: 1,027,691,500 ordinary shares), being the total number of issued shares at the date of approval of the financial statements.

The final dividend proposed after the balance sheet date has not been recognised as liabilities at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2014	2013
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK16.6 cents per ordinary share (2013: HK15.1 cents per ordinary share)	**171,188**	154,416

The final dividend approved and paid during the year is based on the total number of issued shares at the date of Annual General Meeting.

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$306,693,000 (2013 (restated): HK$301,104,000) and the weighted average number of 1,030,210,000 ordinary shares (2013: 1,023,812,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014 Number of shares ’000	2013 Number of shares ’000
Issued ordinary shares at 1st April	**1,026,984**	1,021,748
Effect of share options exercised	**3,226**	2,064
Weighted average number of ordinary shares for the year	**1,030,210**	1,023,812

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$306,693,000 (2013 (restated): HK$301,104,000) and the weighted average number of 1,043,414,000 ordinary shares (2013: 1,033,438,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2014 Number of shares ’000	2013 Number of shares ’000
Weighted average number of ordinary shares for the year	**1,030,210**	1,023,812
Effect of deemed issue of ordinary shares under the Company’s share option scheme for nil consideration	**13,204**	9,626
Weighted average number of ordinary shares (diluted) for the year	**1,043,414**	1,033,438

10. Trade and other receivables

	2014	2013
	HK$'000	HK$'000
Trade debtors and bills receivable	**584,769**	601,125
Less: Allowance for doubtful debts	**(1,107)**	(1,409)
	583,662	599,716
Other debtors, deposits and prepayments	**142,139**	83,681
	725,801	683,397

As at the balance sheet date, the ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), based on the invoice date, is as follows:

	2014	2013
	HK$'000	HK$'000
Within three months	**577,537**	575,654
Three to six months	**6,046**	22,971
Over six months	**79**	1,091
	583,662	599,716

Trade receivables are due within one to three months from the date of billing. Management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. The credit terms given to the customers vary and are generally based on the financial strength of the individual customer. In order to effectively manage the credit risks associated with customers, credit evaluations of customers are performed periodically. Normally, the Group does not obtain collateral from customers.

11. Trade and other payables

	2014	2013
	HK$'000	HK$'000
Trade creditors and bills payable	**406,001**	346,911
Accrued expenses and other payables	**656,405**	394,426
Dividend payable on non-controlling interests	**-**	24,717
	1,062,406	766,054

As at the balance sheet date, the ageing analysis of trade creditors and bills payable, based on the invoice date, is as follows:

	2014	2013
	HK$'000	HK$'000
Within three months	**395,018**	342,904
Three to six months	**9,594**	2,565
Over six months	**1,389**	1,442
	406,001	346,911

The Group's general payment terms are one to two months from the invoice date.

12. Comparative figures

As a result of the application of Revised HKAS 19, Employee benefits, certain comparative figures have been adjusted to conform to the current year's presentation in 2014. Further details of these developments are disclosed in note 2.

13. Review of results

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March, 2014 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in an agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by KPMG on this announcement.

DIVIDEND

In view of the Group's business growth and solid financial position, the Board of Directors is recommending a final dividend of HK17.0 cents per ordinary share at the Annual General Meeting on 4th September, 2014 (the "AGM"). This, coupled with the interim dividend of HK3.2 cents per ordinary share, means that the Company's total dividend for FY2013/2014 will be HK20.2 cents per ordinary share (FY2012/2013 total dividend: HK19.8 cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 1st September, 2014 to Thursday, 4th September, 2014, both days inclusive. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 29th August, 2014.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Thursday, 11th September, 2014 to Tuesday, 16th September, 2014, both days inclusive. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 10th September, 2014.

MANAGEMENT REPORT

Sales Performance

The Company accelerated its growth of 11% in FY2013/2014, cycling 9% increase in the previous year, despite a slower macroeconomic growth and rising commodity and labour costs. A broad-based growth across our core brands and geographies has driven another year of consistent financial performance. During the year, we focused our investment and innovation in core categories of Soy/Plant Milk, Tofu and Tea. Our core portfolio offering continued to perform strongly in the ever growing consumer space embracing "Taste, Nutrition and Sustainability". Geographically, our Mainland China business continued its gradual acceleration. We restored profitability in our North American operation and sustained performance and leadership positions in our other markets.

Net Sales Revenue

- The Group's net sales revenue grew 11% to HK$4,494 million (FY2012/2013: HK$4,051 million). During the year we focused on improving topline performance via stronger core category focus and enhanced execution in our core channels across all our markets, with additional newly designed VITASOY brand restage programs in Mainland China and Australia.

Gross Profit and Gross Profit Margin

- Gross profit for the year increased 13% to HK$2,175 million (FY2012/2013: HK$1,925 million), driven by the overall sales growth and improved category mix. Despite the rise in the cost of labour and raw materials, we sustained our gross margin at 48%, through the use of selective pricing strategy and improved manufacturing efficiency.

Operating Expenses

- Total operating expenses increased 15% to HK$1,756 million (FY2012/2013 (restated): HK$1,532 million), driven by higher investment in brand building programs, higher operating and transportation costs associated with sales growth.
- Marketing, selling and distribution expenses were HK$1,127 million, up 14%, mainly attributed to the VITASOY core brand re-launch and sales infrastructure expansion in Mainland China and increased promotional activities in other markets.
- Administrative expenses increased 18% to HK$369 million, because of staff expenses (including salary adjustments, headcount increase, benefits and allowances and social insurance provision), coupled with higher repair and maintenance expenses and depreciation charges.
- Other operating expenses amounted to HK$260 million, up 11%, compared with last year.

EBITDA (Earnings Before Interest Income, Finance Costs, Income Tax, and Depreciation and Amortisation)

- EBITDA for the year was HK$653 million (FY2012/2013 (restated): HK$618 million), up 6%. Despite higher marketing and operating expenses, we maintained EBITDA margin at last year's level of 15%.

Profit Attributable to Equity Shareholders of the Company

- For the year ended 31st March, 2014, profit attributable to equity shareholders of the Company was HK$307 million, representing a year-on-year increase of 2% (FY2012/2013(restated): HK$301 million). This was a result of improved operating profit, partly offset by the increase in income tax associated with higher earnings and one-off tax incentive obtained in Australia and Singapore last year not being repeated in this year.

General Review

In the year under review, we forged ahead in our business with strong execution focusing on key product and core brands. We introduced nutritional products to appeal to consumer needs. We have invested more to build brands, innovation capability and manufacturing capacity. These will ensure our business continue to grow and meet the strong demand under the current global trend for sustainable and healthy lifestyles.

For the year ended 31st March, 2014, the Group's total net sales revenue increased 11% to HK$4,494 million, versus HK$4,051 million in FY2012/2013. Growth was broad based across all operating markets and core products.

In Hong Kong, we maintained our market leadership in Soy and Tea segments while achieving a respectable profit growth. We saw strong growth in Mainland China stemming from consistent execution of our "Go Deep, Go Wide" strategy. In Australia and New Zealand, we have enlarged our share in the Soy category. We have turned around in North America while our brands led the national tofu category. In Singapore, we became the market leader in modern channels, ahead of their archrival.

Despite the rising cost in raw materials, the Group was successful in sustaining its gross margin at 48%, same as last year, through price adjustments and enhanced manufacturing efficiency. Profit attributable to equity shareholders increased only 2% year-on-year to HK$307 million resulting from the increase in income tax associated with higher earnings and one-off tax incentive obtained in Australia and Singapore last year not being repeated in this year.

The financial position of the Group is healthy and the Board of Directors recommends a final dividend of HK17.0 cents per ordinary share at the Annual General Meeting on 4th September, 2014. Together with the interim dividend of HK$3.2 cents per ordinary share, this brings total dividend for FY2013/2014 to HK20.2 cents per ordinary share (FY2012/2013 total dividend: HK19.8 cents per ordinary share).

Hong Kong and Macau

- Hong Kong grew sales by 4% in the context of a declining non-alcoholic beverage industry.
- We reinforced our distant leadership position in soy and ready-to-drink tea. In the Soy category, CALCI-PLUS enjoyed the strongest sales growth among our brands while SAN SUI achieved the leadership position in the fresh soy drink segment.
- In the Tea category, we continued to grow and broaden our presence to include PET (Polyethylene terephthalate) bottles on top of traditional paper packs.
- Our subsidiaries, Vitaland Services Limited and Hong Kong Gourmet Limited ("Vitaland group") grew by 10% with an impressive increase in operating profit, as a result of dedicated efforts to drive new school accounts and school renewals, improved product mix, and better planning in labor and raw materials.
- Macau grew 13%, reflecting increasing consumer preference to our core products, broader distribution channels and stronger in store execution.
- Export sales grew 4% year-on-year with launches of new products in Singapore, Malaysia, the United Kingdom and further market expansion to Ghana and Angola.

Mainland China

- Our business continued its year on year acceleration despite a challenging environment of slowing economic growth, rising operating costs especially in raw materials and labour.
- We unified VITASOY regional programs into a national one, re-launched the brand behind new packaging graphics harmonising with Hong Kong's VITASOY brand equities, and launched a new communication campaign emphasising the products unique functional benefits. We executed this strongly and consistently.
- We activated our VITA Tea platform with renewed execution and expansion effort of our flagship VITA Lemon Tea. The product received unprecedented customer and consumer acceptance, adding a new revenue stream to the business and strong growth beyond its previous Guangdong borders.
- We accelerated the horizontal expansion of our offering in Southern, Eastern and Central China, through the continued execution of our "Go Deep, Go Wide" strategy, expanding our presence to Jiangsu, Anhui, Hebei, Wuhan and Fujian.
- Gross margin was protected through selective and timely pricing strategy and the increase in sales volume which improved manufacturing and cost efficiency at the plant level.

Australia and New Zealand

- The plant milk category showed a strong growth behind an increasing consumer interest in functional health propositions and product innovation. In this context, we recorded a solid growth in sales revenue of 7% and operating profit of 9% in local currency.
- We restaged our core VITASOY range with new packaging and new integrated TV campaign leveraging our Australian grown whole bean proposition, which helped us to achieve the #1 position in Soymilk market. We also launched a new "Organic" variant of CAFÉ FOR BARISTAS in the premium café market.
- Our VITASOY Oatmilk range has solidified the gains from its innovation in the year before and has been leading the market share in the category.
- The shift to LD&D Milk Pty Ltd., our local joint venture partner, for direct distribution in New Zealand has improved both sales and profitability.

North America

- Our North American operation delivered yet another strong year of solid sales growth across all business channels. We continued to expand our leading market share position in both the American Tofu and Asian Pasta categories while maintaining our strong position in the imported Asian beverage market.
- As the total Tofu category in the US has shown modest sales value growth, our national leading NASOYA Tofu brand has accelerated its growth via new listings in key national retail channels and strengthened its share leadership.
- NASOYA launched a new packaging design, and also introduced new Korean Tofu, TOFUPLUS Black Soybean and PASTA ZERO Low Calorie Noodles into the mainstream and Asian channels.
- As per our determination, we successfully restored profitability to our operation. The gain in operating profit was driven not only by the increase in net sales, but also by improved manufacturing and logistic efficiency, which has helped normalise the production and provided a base to sustain profitability in the future.

Singapore

- Our Singapore operations ("Unicurd Food Co. (Private) Limited") recorded a steady growth in net sales and double digit growth in operating profit amidst a stagnant retail environment in Singapore.
- We continued to expand our market share and sustained market leading position in the Tofu category with strong execution, launch of new products such as Black Tofu complementing solid performance of our core SKUs such as Egg Tofu, Silken Tofu and Tofu Puff.
- On the channel front, we focused on channel and trade promotion, improvement in shelf merchandising and proactive consumer sampling activities.
- Operating profit grew by 14%, mainly due to a profitable product and channel mix, and higher manufacturing efficiency.

Outlook

Looking forward, we will stay focused on our vision and keep expanding and innovating our offering of tasty nutritious and sustainable branded equities and products to cater to our customer and customer needs. We are determined to sustain a broad based growth across markets and channels through stronger strategic focus on our core categories. We are also committed to improving our vertical growth via execution and horizontal growth via expansion, and generating new revenue streams via innovation. While competition continues to intensify and economic conditions remain uncertain, we are confident that consumers and retailers will have increasing interest in our offerings. Our geographical footprint as well as the integration of Eastern and Western market insight in consumer needs as well as competence in product and manufacturing will provide us with solid platform and ample room for future growth. The global macro trend (in population, climate, health and wellness) uniquely positions us for a most rewarding and exciting journey. We will not only pursue for growth but also continuous improvement in taste, nutrition and sustainability for our customers worldwide.

Hong Kong

- The Hong Kong market will stay very competitive while inflation in food prices, labor supply shortage challenges and rising wages will continue.
- In this context, we are determined to keep strengthening our leadership positions on our core brands across channels and packaging forms.
- For both Soy and Tea, FY2014/2015 will see new meaningful innovations brought to market. Specifically, we have launched a whole new PET packaging for our flagship VITASOY Soymilk and a brand new VITA Milk Tea to expand our Tea offerings.
- We will continue our execution and distribution expansion.

Mainland China

- We are determined to sustain our growth despite a slower overall economic growth, increasing competition in both Dairy and Soy markets, and escalating raw materials and labour costs.
- We will stay the course on our Mainland China business model. While we accelerate our business growth, we will ensure our operation's capabilities to secure a sustainable performance. We will continue to focus on our core Soy and Tea categories and drive growth via execution, expansion and innovation.

Australia and New Zealand

- The Australian operating environment is getting more competitive yet offering accelerated growth and tailwinds in the Plant Milk category. This offers an outstanding opportunity for further development and we are determined to innovate and compete in key segments. Whilst continuing to expand our plant milk offerings, we remain focused on driving superior nutrition of Soy and our differentiated proposition in our ORGANIC, SOY MILKY, and BARISTA products via growing our brand equity with the new communications campaigns and stronger in store execution.
- In New Zealand, we expect to accelerate growth in sales and profitability resulting from the shift in distributor to our partner in Australia since last year.

North America

- As the US economy is showing signs of recovery, we will intensify our efforts to develop and launch new product offerings and consumer marketing campaigns to capture new opportunities.
- We aim at driving sales and profitability through the launch of new value-added tofu items in the mainstream market and explore additional premium products to our NASOYA pasta line with a focus on convenience.
- We are also determined to drive our Soy Liquid Core via innovation in the Asian Channel.
- Importantly, we are committed to sustaining and further improving profitability via further optimisation of manufacturing efficiency and reduction of operating costs through capital investment and cost management.

Singapore

- We expect a strong year in Singapore. We will continue to scale up and add important innovation to start expanding the VITASOY franchise and accelerate growth despite projected slower economic conditions, high operating costs and tight labour supply.
- We will capitalise on facility enhancement and continue our efforts in plant efficiency and managing manufacturing costs to drive profitable growth.

Financial Position

- As at 31st March, 2014, the Group had a net cash balance of HK$195 million (31st March, 2013: net borrowings balance of HK$29 million) and available banking facilities amounted to HK$700 million (31st March, 2013: HK$815 million).
- The Group's borrowings (including obligations under finance leases) amounted to HK$126 million (31st March, 2013: HK$252 million). We have reduced our loan level by 50% versus a year ago.
- Accordingly, the gearing ratio (total borrowings/total equity attributable to equity shareholders of the Company) has further reduced to 7% (31st March, 2013(restated): 16%) as we continued to pay down the bank loans using our internally generated cash.
- Capital expenditure incurred in the year was HK$258 million (FY2012/2013: HK$134 million), mainly for several new and major projects (including installation of higher speed machines to increase manufacturing efficiency in both Hong Kong and Mainland China and expansion of sales infrastructure in Mainland China).
- Assets with a carrying value of HK$106 million (FY2012/2013: HK$138 million) were pledged under certain loans and lease arrangements.

Financial Risk Management

- Our overall financial management focuses on controlling and managing risks, with transactions being directly related to the underlying businesses of the Group. For synergy, efficiency and control, we operate a central cash and treasury management system for all our subsidiaries. Borrowings are normally taken out in local currencies by operating subsidiaries to fund and partially hedge their investments.
- The financial risks faced by the Group are mainly connected with the fluctuation of interest rates and exchange rates. At the close of FY2013/2014, we had no exposure under foreign exchange contracts or financial derivatives.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31st March, 2014, complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for code provision A.6.7 as explained below.

Under the code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One of our Independent Non-executive Directors was unable to attend the annual general meeting of the Company held on 5th September, 2013 due to sickness.

REVIEW OF ANNUAL RESULTS BY AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Audit and Corporate Governance Committee comprises four Independent Non-executive Directors, namely, Mr. Iain F. BRUCE (Chairman), Dr. the Hon. Sir David Kwok-po LI, Mr. Jan P. S. ERLUND and Mr. Valiant Kin-piu CHEUNG.

The Audit and Corporate Governance Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the Group's interim and annual financial statements.

The Audit and Corporate Governance Committee also reviews regularly the corporate governance structure and practices within the Company and monitors compliance fulfilment on an ongoing basis.

The Group's annual results for the year ended 31st March, 2014 have been reviewed by the Audit and Corporate Governance Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Company's annual report for FY2013/2014 will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company's website at www.vitasoy.com in due course.

By Order of the Board
Winston Yau-lai LO
Executive Chairman

Hong Kong, 30th June, 2014

As at the date of this announcement, Mr. Winston Yau-lai LO and Mr. Roberto GUIDETTI are executive directors. Ms. Myrna Mo-ching LO and Ms. Yvonne Mo-ling LO are non-executive directors. Dr. the Hon. Sir David Kwok-po LI, Mr. Iain F. BRUCE, Mr. Jan P. S. ERLUND and Mr. Valiant Kin-piu CHEUNG are independent non-executive directors.