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**ANNOUNCEMENT OF RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2011**

HIGHLIGHTS

- Solid business performance with a stronger foundation for sustainable future growth.
- Key business performances
 - ◆ Hong Kong and Macau – Maintained market lead and steady sales growth momentum. Strong export and Macau businesses
 - ◆ Mainland China – Increased marketing efforts, pushed volume growth and expanded market presence with wider territorial coverage
 - ◆ Australia and New Zealand – Steered category growth with strengthened business base
 - ◆ North America – Increased operating costs impacted profitability
 - ◆ Singapore – Boosted sales growth with focus on brand building and channel expansion
- Proactive pricing strategy and prudent cost management maintained gross margin amidst inflationary cost pressure.
- The Group's half year turnover reached HK\$1,946 million, up 14%.
- Gross profit was HK\$948 million, up 12%, with gross margin slightly dropped to 49%.
- EBITDA (Earnings before interest income, finance costs, income tax, depreciation and amortisation and impairment losses on property, plant and equipment) for the period was HK\$295 million, up HK\$3 million or 1%.
- EBITDA margin to turnover was 15%.
- Profit before taxation was HK\$231 million.
- Profit attributable to equity shareholders was reduced by 5% to HK\$149 million due to an increase in operating expenses and taxation.
- The Board of Directors has declared an interim dividend of HK3.2 cents per ordinary share to be payable on 29th December, 2011.

RESULTS

The Board of Directors (the “Board”) of Vitasoy International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2011, together with the comparative figures for the previous financial period, as follows:

CONSOLIDATED INCOME STATEMENT - UNAUDITED

		Six months ended 30th September,	
	Note	2011 HK\$'000	2010 HK\$'000
Turnover	3, 4	1,945,918	1,709,742
Cost of sales		(998,098)	(860,450)
Gross profit		947,820	849,292
Other revenue		23,645	18,399
Marketing, selling and distribution expenses		(479,699)	(418,798)
Administrative expenses		(134,749)	(116,777)
Other operating expenses		(120,058)	(94,334)
Profit from operations		236,959	237,782
Finance costs	5(a)	(5,818)	(3,696)
Profit before taxation	5	231,141	234,086
Income tax	6	(53,631)	(48,904)
Profit for the period		177,510	185,182
Attributable to:			
Equity shareholders of the Company		148,528	155,888
Non-controlling interests		28,982	29,294
Profit for the period		177,510	185,182
Earnings per share	8		
Basic		HK14.6 cents	HK15.3 cents
Diluted		HK14.4 cents	HK15.2 cents

Details of dividends payable to equity shareholders of the Company are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period	177,510	185,182
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong	(2,047)	19,386
Cash flow hedge: net movement in the hedging reserve	(1,401)	-
Total comprehensive income for the period	174,062	204,568
Attributable to:		
Equity shareholders of the Company	149,468	169,162
Non-controlling interests	24,594	35,406
Total comprehensive income for the period	174,062	204,568

CONSOLIDATED BALANCE SHEET - UNAUDITED

	At 30th September, 2011		At 31st March, 2011	
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Fixed assets				
- Property, plant and equipment		1,364,830		1,214,979
- Investment properties		7,509		7,772
- Interests in leasehold land held for own use under operating leases		35,323		32,992
		1,407,662		1,255,743
Deposits for the acquisition of fixed assets		36,474		14,011
Intangible assets		12,307		13,737
Goodwill		38,052		39,194
Deferred tax assets		11,808		11,805
		1,506,303		1,334,490
Current assets				
Inventories		370,630		372,467
Trade and other receivables	9	833,744		579,101
Current tax recoverable		833		5,438
Bank deposits		3,355		10,412
Cash and cash equivalents		263,055		352,311
		1,471,617		1,319,729
Current liabilities				
Trade and other payables	10	791,423		720,064
Bank loans and overdrafts	11	389,460		141,037
Obligations under finance leases		5,188		5,225
Current tax payable		25,402		18,675
		1,211,473		885,001
Net current assets		260,144		434,728
Total assets less current liabilities		1,766,447		1,769,218
Non-current liabilities				
Bank loans	11	156,721		114,000
Obligations under finance leases		11,346		13,239
Employee retirement benefit liabilities		2,150		2,177
Deferred tax liabilities		53,372		50,081
		223,589		179,497
NET ASSETS		1,542,858		1,589,721
CAPITAL AND RESERVES				
Share capital		255,409		254,963
Reserves		1,122,899		1,160,881
Total equity attributable to equity shareholders of the Company		1,378,308		1,415,844
Non-controlling interests		164,550		173,877
TOTAL EQUITY		1,542,858		1,589,721

Notes:

1. Independent review

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board is included in the interim report to be sent to shareholders. In addition, the interim financial report has been reviewed by the Company’s Audit Committee.

2. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the HKICPA.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010/2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011/2012 annual financial statements.

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

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, HKAS 19, *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HK(IFRIC) 14 have had no material impact on the Group’s financial statements as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group’s financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group’s related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

2. Basis of preparation (continued)

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

3. Turnover

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

4. Segment reporting

(a) Segment results and assets

The Group manages its businesses by entities, which are organised by geography. Information regarding the Group's reporting segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Hong Kong and Macau		Mainland China		Australia and New Zealand		North America		Singapore		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended												
30th September												
Revenue from external customers	832,215	759,166	599,891	500,771	259,991	209,519	216,350	208,714	37,471	31,572	1,945,918	1,709,742
Inter-segment revenue	39,591	36,151	33,812	57,536	206	408	65	132	-	-	73,674	94,227
Reportable segment revenue	871,806	795,317	633,703	558,307	260,197	209,927	216,415	208,846	37,471	31,572	2,019,592	1,803,969
Reportable segment profit/(loss) from operations	157,231	139,556	74,290	87,527	45,051	40,561	(4,177)	5,540	3,031	2,353	275,426	275,537
Additions to non-current segment assets during the period	59,187	64,695	112,728	67,294	58,512	14,328	5,099	3,436	2,151	199	237,677	149,952
Reportable segment assets	At 30th September, 2011	At 31st March, 2011	At 30th September, 2011	At 31st March, 2011	At 30th September, 2011	At 31st March, 2011	At 30th September, 2011	At 31st March, 2011	At 30th September, 2011	At 31st March, 2011	At 30th September, 2011	At 31st March, 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	1,842,260	1,642,529	1,007,065	868,655	424,446	380,158	185,998	193,343	96,307	103,602	3,556,076	3,188,287

4. Segment reporting (continued)

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

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	2,019,592	1,803,969
Elimination of inter-segment revenue	(73,674)	(94,227)
Consolidated turnover	1,945,918	1,709,742

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Profit		
Reportable segment profit from operations	275,426	275,537
Finance costs	(5,818)	(3,696)
Unallocated head office and corporate expenses	(38,467)	(37,755)
Consolidated profit before taxation	231,141	234,086

	At 30th September,	At 31st March,
	2011	2011
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	3,556,076	3,188,287
Elimination of inter-segment receivables	(632,793)	(570,717)
	2,923,283	2,617,570
Deferred tax assets	11,808	11,805
Current tax recoverable	833	5,438
Unallocated head office and corporate assets	41,996	19,406
Consolidated total assets	2,977,920	2,654,219

5. Profit before taxation

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

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank loans	9,327	2,796
Finance charges on obligations under finance leases	737	900
	<u>10,064</u>	<u>3,696</u>
Less: interest expense capitalised into property, plant and equipment*	(4,246)	-
	<u>5,818</u>	<u>3,696</u>

* The borrowing costs have been capitalised at a rate of 1.30% - 7.32% per annum (six months ended 30th September, 2010: Nil%)

(b) Other items:		
Interest income	(899)	(1,125)
Depreciation of property, plant and equipment	57,364	53,994
Depreciation of investment properties	263	263
Amortisation of interests in leasehold land held for own use under operating leases	461	150
Amortisation of intangible assets	1,085	978
Cost of inventories	<u>1,059,511</u>	<u>915,801</u>

6. Income tax

Income tax in the consolidated income statement represents:

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	15,841	12,775
Current tax – Outside Hong Kong	33,844	32,699
Deferred tax – Origination and reversal of temporary differences	3,946	3,430
	<u>53,631</u>	<u>48,904</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30th September, 2010: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

7. Dividends

- (a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Interim dividend declared after the balance sheet date of HK3.2 cents per ordinary share (2010: HK3.2 cents per ordinary share)	32,695	32,601

The interim dividend proposed after the balance sheet date is based on 1,021,715,500 ordinary shares (2010: 1,018,770,000 ordinary shares), being the total number of issued shares at the date of approval of the financial report.

The interim dividend declared 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 interim period

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK15.1 cents per ordinary share (2010: HK13.4 cents per ordinary share)	154,267	136,506
Special dividend in respect of the previous financial year, approved and paid during the interim period of Nil cents per ordinary share (2010: HK10.0 cents per ordinary share)	-	101,870
	154,267	238,376

The final and special dividends approved and paid during the interim period are based on the total number of issued shares at the date of the Annual General Meeting.

8. 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\$148,528,000 (six months ended 30th September, 2010: HK\$155,888,000) and the weighted average number of 1,020,653,000 ordinary shares (2010: 1,018,220,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30th September,	
	2011	2010
	Number of shares	Number of shares
	'000	'000
Issued ordinary shares at 1st April	1,019,852	1,017,688
Effect of share options exercised	801	532
Weighted average number of ordinary shares for the period	1,020,653	1,018,220

(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\$148,528,000 (six months ended 30th September, 2010: HK\$155,888,000) and the weighted average number of 1,028,713,000 ordinary shares (2010: 1,027,617,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30th September,	
	2011	2010
	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares for the period	1,020,653	1,018,220
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	8,060	9,397
Weighted average number of ordinary shares (diluted) for the period	1,028,713	1,027,617

9. Trade and other receivables

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
Trade debtors and bills receivable	677,464	492,812
Less: Allowance for doubtful debts	(1,543)	(1,765)
	<u>675,921</u>	<u>491,047</u>
Other debtors, deposits and prepayments	157,823	88,054
	<u>833,744</u>	<u>579,101</u>

The ageing of trade debtors and bills receivable (net of allowance for doubtful debts) as of the balance sheet date is as follows:

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
Current	518,482	402,894
Less than one month past due	147,640	81,000
One to three months past due	8,575	4,692
More than three months but less than twelve months past due	1,169	2,449
More than twelve months past due	55	12
Amounts past due	<u>157,439</u>	<u>88,153</u>
	<u>675,921</u>	<u>491,047</u>

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. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

10. Trade and other payables

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
Trade creditors and bills payable	387,441	319,437
Accrued expenses and other payables	403,982	400,627
	<u>791,423</u>	<u>720,064</u>

10. Trade and other payables (continued)

The ageing of trade creditors and bills payable as of the balance sheet date is as follows:

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
By due date		
Due within one month or on demand	309,108	277,106
Due after one month but within three months	71,309	35,123
Due after three months but within six months	4,184	5,867
Due over six months	2,840	1,341
	387,441	319,437

11. Bank loans and overdrafts

At 30th September, 2011, the bank loans and overdrafts were repayable as follows:

	At 30th September, 2011 HK\$'000	At 31st March, 2011 HK\$'000
Within one year or on demand	389,460	141,037
After one year but within two years	11,400	-
After two years but within five years	102,058	47,766
After five years	43,263	66,234
	156,721	114,000
	546,181	255,037

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

12. Equity transactions with non-controlling interests

- (a) Acquisition of non-controlling interest of Shenzhen Vitasoy (Guang Ming) Foods and Beverage Company Limited ("Shenzhen Vitasoy")

On 5th September, 2011, the Group acquired an additional 15% equity interest in Shenzhen Vitasoy from Shenzhen GuangMing Group Co., Ltd. ("Guangming") for HK\$75,052,000 in cash, increasing the Group's equity interest in Shenzhen Vitasoy from 70% to 85%. The carrying amount of Shenzhen Vitasoy's net assets on the date of acquisition was HK\$198,629,000. The Group recognised a decrease in non-controlling interests of HK\$29,794,000 and a decrease in other reserves of HK\$45,258,000.

12. Equity transactions with non-controlling interests (continued)

(b) Partial disposal of equity interest in Vitasoy (Foshan) Company Limited (“Vitasoy Foshan”)

On 14th September, 2011, the Group disposed of a 15% equity interest in Vitasoy Foshan to Guangming for HK\$40,605,000 in cash, decreasing the Group’s equity interest in Vitasoy Foshan from 100% to 85%. The carrying amount of Vitasoy Foshan’s net assets on the date of disposal was HK\$231,532,000. The Group recognised an increase in non-controlling interests of HK\$34,730,000 and an increase in other reserves of HK\$5,875,000. At 30th September, 2011, the consideration amounting to HK\$40,605,000 remained unsettled and was included in trade and other receivables.

INTERIM DIVIDEND

The Board of the Company has declared an interim dividend of HK3.2 cents per ordinary share for the six months ended 30th September, 2011 (2010: HK3.2 cents per ordinary share), to shareholders whose names appear on the Register of Members at the close of business on Wednesday, 14th December, 2011. Dividend warrants will be sent to shareholders on or about Thursday, 29th December, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Wednesday, 14th December, 2011, during which no transfers of shares will be effected. To determine entitlement of shareholders to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 13th December, 2011.

MANAGEMENT REPORT

Business Highlights

The operating environment for the non-alcoholic beverage industry this year appears to be tougher than before. Most significantly, inflationary pressure has been mounting as commodity prices, wages, fuel and other costs continue to rise. Economic uncertainties in major markets inevitably have a negative impact on consumer spending. On top of that, competition among brands has remained as intense as before.

Despite these challenges, by following a focused business strategy, the Group succeeded in achieving steady growth in sales and solidifying its leading positions in markets worldwide in the first half of Fiscal 2011/2012. At the same time, to support future development, the Group’s investment plans for significantly expanding production capacity have been on schedule, which will provide a stronger foundation for growth in the longer term.

The Group’s net sales revenue for the six months up to 30th September, 2011 was HK\$1,946 million, growing by 14% year-on-year (2010/2011 interim: HK\$1,710 million). Most of the operating entities recorded solid double-digit sales growth, particularly in Hong Kong and Macau, Mainland China, Australia and New Zealand and Singapore:

- Hong Kong and Macau : Net sales revenue increased across all product categories. Export and Macau sales registered strong growth momentum.
- Mainland China : Promising domestic sales growth for aseptic paper-pack and bottle products in both southern and eastern China.
- Australia and New Zealand : Increased sales were seen across all channels, which was further enhanced by the strong Australian dollar.
- North America : Steady sales growth from Tofu products and Tofu Hummus.
- Singapore : Strong sales increase in domestic channels, coupled with favourable Singaporean dollar appreciation.

The Group's gross profit for the interim period was HK\$948 million, up 12% year-on-year (2010/2011 interim: HK\$849 million) mainly attributed to the growth in sales. Despite the rising commodity costs, gross profit margin only dropped slightly to 49% (2010/2011 interim: 50%) attributed to proactive pricing strategy, improved manufacturing efficiency with volume growth and prudent cost management.

Total operating expenses increased by 17% to HK\$735 million. The increase was caused mostly by increased brand building investment, salary cost increase as well as the one-off expenses related to the Group's capacity expansion projects. Marketing, selling and distribution expenses were HK\$480 million, up 15%. Administrative expenses increased by 15% to HK\$135 million due to higher transportation expenses caused by the increase in fuel cost. Other operating expenses were HK\$120 million, versus HK\$94 million for the same period last year.

EBITDA for the interim period was HK\$295 million, up 1%. EBITDA margin was 15% of net sales, versus 17% for the same period last year. Profit before taxation was HK\$231 million which dropped slightly versus the same period last year (2010/2011 interim: HK\$234 million). Profit attributable to shareholders was HK\$149 million, a decrease of 5% year-on-year (2010/2011 interim: HK\$156 million). The decrease was due mainly to the impact of the increase in operating expenses and higher financing costs associated with the Group's investments, as well as higher tax payment in Mainland China and Hong Kong.

Hong Kong and Macau

The Hong Kong economy continued to flourish on the back of consumer confidence and inbound tourism. The retail sector in general benefited from the thriving economy. However, the growth of the local non-alcoholic beverage sector lagged behind that of overall retail sales. Intensifying competition among brands necessitated higher spending on marketing and promotion. The sharp rise in commodity prices and other operating costs justified the increase in product prices.

In the first half of Fiscal 2011/2012 the Hong Kong operation maintained its market lead and recorded steady sales growth year-on-year. Net sales revenue increased by 10% to HK\$832 million. Operating profit increased by 13% year-on-year to HK\$157 million.

The steady performance in Hong Kong is due to several factors. Through aggressive marketing and promotion campaigns in key channels, the Hong Kong operation was able to maintain the growth momentum of major products, including tea and water. In terms of product innovation, a number of new beverage products were successfully launched in advance of the summer season, including VITASOY Low-Sugar Pure Soya Bean Extract, VITA Low-Sugar Lemon Tea and new variants of the VITAPOP Iced Tea range. Aside from boosting volume growth, the team also safeguarded its profit

margin by effective price increases. There was healthy growth in export sales. In particular, outstanding sales growth was recorded in Macau.

The school tuck shop business in Hong Kong operated by Vitaland Services Limited recorded stable results. The number of tuck shops continued to increase slightly. The growth was driven by the improvements in product offerings, pricing and operational efficiency.

Mainland China

Conditions in the Mainland China market became more challenging. Commodity prices continued to escalate. There was a slowdown in GDP growth and competition is intensifying.

The Mainland China operation continues to pursue the “Core Business, Core Brand and Core City” strategy to drive the growth of sales and market share in southern China in spite of limited production capacity, as well as to expand its foothold in eastern China and the neighbouring provinces of Guangdong province. In the interim period, large-scale advertising campaigns for brand building and other consumer education activities were organised to boost sales and reinforce the brand’s “healthy and green” image. Effective marketing campaigns played a major role in increasing the awareness of the existing products. These products include VITASOY Black Soymilk, VITASOY Calcium Rich Soymilk and the kids’ range with the “Pleasant Goat and Big Big Wolf” package designs. On the product development front, a new yoghurt soy drink targeting children was launched with good response. VITASOY has become the No. 1 brand in the ready-to-drink soymilk category in Mainland China. To maintain gross margin and to counteract inflation, proactive pricing strategy and prudent cost management were instituted during the period.

Total net sales grew by an aggregate of 20% to HK\$600 million. Operating profit decreased by 15% to HK\$74 million mainly due to the incurrence of one-off pre-operation expenses for Foshan’s new production plant as well as higher marketing and promotional expenses. The new plant in Foshan city of central Guangdong Province commenced operation in November 2011.

Australia and New Zealand

Australia and New Zealand have been undergoing economic uncertainties this year, which has had an adverse impact on consumer spending. In the interim period, the Australian soymilk and rice milk markets sustained steady growth in value and volume whereas New Zealand saw some decline in volume but maintained a value growth. As the category leader and growth driver in both the Australian and New Zealand markets, Vitasoy Australia continued to record market leading growth amongst the large brands in both value and volume terms.

During the interim period, Vitasoy Australia further reinforced its foothold in the out-of-home coffee market with VITASOY CAFE FOR BARISTAS Soymilk. On the product innovation front, the team launched a new product – VITASOY VITAGO Liquid Breakfast range in September. Vitasoy Australia continued strong support of its brand in both the Australian and New Zealand markets, and launched a category growth communications and sampling campaign in Australia in July. The operation aimed to build sustained category growth over the long term through acquiring new consumers.

In the first half of Fiscal 2011/2012, net sales revenue in Australia and New Zealand grew by 24% year-on-year to HK\$260 million driven by volume growth, as well as benefiting from the strong Australian dollar. Despite the one-off costs necessitated by the expansion of the Wodonga production plant, operating profit still registered an increase of 11% to HK\$45 million.

North America

In the period under review, the overall Tofu category in the US declined slightly while the Asian pasta category was growing.

Vitasoy USA maintained its market lead in the Tofu category in the first half of the year. Sales growth was recorded in both Tofu and Asian Pasta. Vitasoy USA has also focused on the development and sales of new products. There was promising growth in the sales of newly launched products, including the NASOYA TOFUPLUS brand of nutrient-enriched Tofu and Vacuum-packed Tofu as well as Super Hummus, the first product of its kind with high protein and low fat content. At the same time new packaging formats have been explored to attract new customers.

Net sales in the first half of Fiscal 2011/2012 increased by 4% year-on-year to HK\$216 million. However, owing to the sharp increase in freight costs caused by the reduction of refrigerated trucking supply and the surge in fuel costs, coupled with higher manufacturing and repair costs resulting from recent machinery breakdown, an operating loss of HK\$4 million was recorded, versus an operating profit of HK\$6 million a year ago.

Singapore

The Singaporean economy sustained positive growth in the first half of Fiscal 2011/2012. As a result, Unicur Food Co. (Private) Limited (“Unicur Singapore”) registered strong sales growth in most of its domestic channels.

In the interim period, Unicur Singapore recorded a net sales increase of 19% year-on-year to HK\$37 million as a result of proactive brand building, sampling promotion, product innovation and packaging revamp, also benefiting from the appreciation of the Singaporean dollar. Backed by a strong sales and marketing team, sales in retail channels such as supermarkets and restaurants were boosted and were the main drivers of growth. Products such as Tofu Box, Tube, Tau Kwa, Tofu Puff and Egg Tofu were well received too. Operating profit grew by 29% over the same period last year to HK\$3 million.

General Outlook

The operating environment in the remainder of the year is expected to be quite tough. The obvious challenges are the economic uncertainties in most markets and the escalation of commodity prices, labour costs, fuel costs and other overheads, particularly in Mainland China. Under such circumstances, competition for sales and market share is likely to intensify.

As a forward-looking company, the Group has planned well ahead by embarking on capacity expansion and upgrade plans to deal with production bottlenecks in Hong Kong, Mainland China and Australia and New Zealand so that it will be in a much stronger position to exploit the growth potentials of these markets. The Group’s new production plant in Foshan city of southern China has recently been inaugurated; the expansion of Wodonga plant in Australia has entered its final stage; and the upgrade and addition of production lines in the Hong Kong plant is on schedule to be commissioned in the second half of this fiscal year.

The Group’s basic strategy in the remainder of the year will be to further build brand equity, product development capabilities and distribution to capitalise on its upgraded production capacity to drive sales growth.

In Mainland China, we will focus our business strategy on new growth once our new factory is on stream in the south, despite a slowing economy. We will continue to further strengthen our leading position in the soymilk category in Guangdong Province and expand our territorial coverage to

neighbouring provinces. While driving growth in the south, we will also step up our brand building efforts in eastern China to pave the way for sustainable long-term growth.

For Vitasoy Australia, operational complexity in connection with the upgrade of the Wodonga Plant is expected to remain until the completion of the project in May 2012, which will double the current production capacity. In the meantime Vitasoy Australia will concentrate on maintaining its market leadership and further explore the potential of new product ranges.

In North America, the focus is on addressing manufacturing limitations as well as distribution expansion in the Asian imported beverage and tofu business. Product development will focus on tofu and Asian pasta and wrap segments with extensive marketing support.

Unicurd Singapore will expand its product portfolio and customer base. It will also maximise its profit margin by improving manufacturing efficiency to reduce costs and through selective pricing strategy for its wide range of tofu products.

In Hong Kong, we will reinforce our leadership position in the aseptic paper-pack category and expand our market presence in other packaging segments. Management will continue product innovation programs to drive demand and look for efficiency measures to control costs. In Macau, we will drive sales growth by exploring additional distribution channels. The school tuck shop business will remain focused on achieving quality growth by maintaining high service standards and diversifying product offerings to maximise profitability.

Financial Review

As at 30th September, 2011, the Group had a net borrowings balance of HK\$296 million (31st March, 2011: a net cash balance of HK\$89 million) and available banking facilities of HK\$892 million (31st March, 2011: HK\$986 million).

As at 30th September, 2011, the Group's borrowings (including obligations under finance leases) amounted to HK\$563 million (31st March, 2011: HK\$274 million). The gearing ratio (total borrowings / total equity attributable to equity shareholders of the Company) increased to 41% (31st March, 2011: 19%) due to the new bank loans drawn to finance the various investments for the expansion of production capacity.

The Group incurred total capital expenditure of HK\$216 million (2010/2011 interim: HK\$141 million), which was funded by both internal resources and bank loans.

CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September, 2011, complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee was established in 1999. Its current members include 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 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 unaudited interim financial report for the six months ended 30th September, 2011.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2011.

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

The Company's interim report for the six months ended 30th September, 2011 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, 23rd November, 2011

As at the date of this announcement, Mr. Winston Yau-lai LO, Mr. Laurence P. EISENTRAGER and Mr. Eric Fat YU 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.