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

## **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2021**

### **HIGHLIGHTS**

- In FY2020/2021, the Group continued to broaden our impact while navigating the unique challenges set by the COVID-19 pandemic. Group revenue grew 4% driven by Mainland China delivering a solid 11% increase as overall market and economic limitations began to ease in the second half.
- Profits from operations increased 19% compared to FY2019/2020. As the Group decided to maintain headcount and employment of our staff despite imploding revenues in Hong Kong due to the pandemic significantly affecting our school, on the go and on premise channels, we became eligible for government support, being primarily employment subsidies. COVID-19-related government subsidies of the Group amounted to HK\$225 million for the year. Excluding all COVID-19-related government subsidies, and in the absence of any employees' reduction counter-measures, the Group profit from operations would have fallen by 11%.
- Key business highlights
  - ◆ Mainland China – The post-COVID-19 recovery is now underway with both brands VITASOY and VITA recording revenue growth
  - ◆ Hong Kong Operation (Hong Kong, Macau and Exports) – Sustained leadership and profitability in core categories despite contracted Vitaland and export businesses due to the continued impact of COVID-19
  - ◆ Australia and New Zealand – Strong core business and multi-plants innovation mitigated the pandemic's impact
  - ◆ Singapore – The pandemic impacted sales of exported tofu and the imported beverage businesses
- The Group's revenue in FY2020/2021 grew 4% to HK\$7,520 million as a result of the impact of the above events.
- Gross profit for the year was HK\$3,954 million, an increase of 3%, with gross profit margin maintained at 53%. Excluding all COVID-19-related government subsidies, Group's gross profit increased by 2%.
- EBITDA (Earnings before interest income, finance costs, income tax, depreciation, amortisation and share of losses of joint venture) for the year was HK\$1,281 million, an increase of HK\$184 million or 17%.
- EBITDA to revenue margin increased from 15% to 17%.
- Profit attributable to equity shareholders of the Company was HK\$548 million, an increase of 2% from HK\$536 million.
- In order to maintain a consistent dividend payout ratio, a final dividend of HK29.0 cents per ordinary share (FY2019/2020: a final dividend of HK28.4 cents per ordinary share) has been proposed. Together with the interim dividend of HK3.8 cents per ordinary share (FY2019/2020: an interim dividend of HK3.8 cents per ordinary share), this brings the total dividend for FY2020/2021 to HK32.8 cents per ordinary share (FY2019/2020 total dividend: HK32.2 cents per ordinary share).

## RESULTS

In this announcement, “we” and “our” refer to the Company (as defined below) and, where the context otherwise requires, the Group (as defined below).

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 2021, together with the comparative figures for the previous financial year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31st March 2021*

	Note	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	3 & 4	<b>7,519,817</b>	7,232,641
Cost of sales		<b>(3,565,412)</b>	(3,381,150)
<b>Gross profit</b>		<b>3,954,405</b>	3,851,491
Other income	5	<b>121,800</b>	43,780
Marketing, selling and distribution expenses		<b>(2,114,530)</b>	(2,112,457)
Administrative expenses		<b>(723,003)</b>	(716,880)
Other operating expenses		<b>(395,201)</b>	(358,501)
<b>Profit from operations</b>		<b>843,471</b>	707,433
Finance costs	6(a)	<b>(11,770)</b>	(10,932)
Share of losses of joint venture		<b>(22,242)</b>	(17,433)
Impairment loss on interest in joint venture		<b>(42,800)</b>	-
<b>Profit before taxation</b>	6	<b>766,659</b>	679,068
Income tax	7	<b>(177,151)</b>	(109,477)
<b>Profit for the year</b>		<b>589,508</b>	569,591
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>548,346</b>	535,878
Non-controlling interests		<b>41,162</b>	33,713
<b>Profit for the year</b>		<b>589,508</b>	569,591
<b>Earnings per share</b>	9		
Basic		<b>HK51.5 cents</b>	HK50.4 cents
Diluted		<b>HK51.0 cents</b>	HK49.9 cents

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31st March 2021*

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the year</b>	<b>589,508</b>	569,591
<b>Other comprehensive income for the year (after tax)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of employee retirement benefit liabilities	22,177	(9,651)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of subsidiaries and joint venture outside Hong Kong	246,978	(189,549)
Cash flow hedge: net movement in the hedging reserve	862	(289)
<b>Total comprehensive income for the year</b>	<b>859,525</b>	370,102
<b>Attributable to:</b>		
Equity shareholders of the Company	776,967	367,448
Non-controlling interests	82,558	2,654
<b>Total comprehensive income for the year</b>	<b>859,525</b>	370,102

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2021

		2021		2020	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>					
Property, plant and equipment					
- Investment properties			3,376		3,502
- Right-of-use assets			351,797		385,580
- Other property, plant and equipment			3,787,545		3,322,923
			<u>4,142,718</u>		<u>3,712,005</u>
Deposits for the acquisition of property, plant and equipment			2,404		548
Intangible assets			3,697		3,810
Goodwill			18,352		17,251
Interest in joint venture			-		62,026
Deferred tax assets			139,489		97,653
			<u>4,306,660</u>		<u>3,893,293</u>
<b>Current assets</b>					
Inventories			725,526		593,559
Trade and other receivables	10		1,194,108		1,008,871
Current tax recoverable			79,594		66,497
Cash and bank deposits			970,522		848,275
			<u>2,969,750</u>		<u>2,517,202</u>
<b>Current liabilities</b>					
Trade and other payables	11		2,819,336		2,357,839
Bank loans	12		130,306		241,424
Lease liabilities			93,582		89,957
Current tax payable			40,750		13,776
			<u>3,083,974</u>		<u>2,702,996</u>
<b>Net current liabilities</b>			<b>(114,224)</b>		<b>(185,794)</b>
<b>Total assets less current liabilities</b>			<b><u>4,192,436</u></b>		<b><u>3,707,499</u></b>
<b>Non-current liabilities</b>					
Lease liabilities			111,853		153,617
Employee retirement benefit liabilities			7,461		34,313
Deferred tax liabilities			116,248		101,465
			<u>235,562</u>		<u>289,395</u>
<b>NET ASSETS</b>			<b><u>3,956,874</u></b>		<b><u>3,418,104</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31st March 2021*

	2021	2020
Note	HK\$'000	HK\$'000
<b>CAPITAL AND RESERVES</b>		
Share capital	984,030	939,328
Reserves	<u>2,632,023</u>	<u>2,189,062</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>3,616,053</b>	3,128,390
<b>Non-controlling interests</b>	<u>340,821</u>	<u>289,714</u>
<b>TOTAL EQUITY</b>	<b><u>3,956,874</u></b>	<b><u>3,418,104</u></b>

## Notes:

### 1. Basis of preparation

The unaudited financial information relating to the year ended 31st March 2021 and the financial information relating to the year ended 31st March 2020 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31st March 2020, is derived from those financial statements.

The Company's statutory annual consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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 and the requirements of the Hong Kong Companies Ordinance. These 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").

Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company's statutory financial statements for the year ended 31st March 2021 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the statutory financial statements for the year ended 31st March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the statutory financial statements of the Group for the year ended 31st March 2020. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The measurement basis used in the preparation of the statutory financial statements is the historical cost basis except that derivative financial instruments are stated at fair value.

## **2. Changes in accounting policies**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods or on how they have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected for early adoption of the amendments and to apply the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1st April 2020.

## **3. Revenue**

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

No disaggregation of revenue from contracts with customers is presented as the entire revenue of the Group is derived from the manufacture and sale of food and beverages, and is recognised at point in time.

#### 4. Segment reporting

##### (a) Segment results, assets and liabilities

The Group manages its businesses by entities, which are organised geographically.

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 2021 and 2020 is set out below:

	Mainland China		Hong Kong Operation		Australia and New Zealand		Singapore		Total	
	2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000 (Restated)
Revenue from external customers	5,008,000	4,503,502	1,865,452	2,108,176	528,022	502,322	118,343	118,641	7,519,817	7,232,641
Inter-segment revenue	58,815	113,411	30,133	73,729	11,749	7,131	4,255	4,160	104,952	198,431
<b>Reportable segment revenue</b>	<b>5,066,815</b>	<b>4,616,913</b>	<b>1,895,585</b>	<b>2,181,905</b>	<b>539,771</b>	<b>509,453</b>	<b>122,598</b>	<b>122,801</b>	<b>7,624,769</b>	<b>7,431,072</b>
<b>Reportable segment profit from operations</b>	<b>524,401</b>	<b>475,543</b>	<b>354,792</b>	<b>269,357</b>	<b>67,999</b>	<b>76,857</b>	<b>3,014</b>	<b>4,969</b>	<b>950,206</b>	<b>826,726</b>
Interest income from bank deposits	3,967	5,931	1,190	4,910	3	75	-	3	5,160	10,919
Finance costs	(3,508)	(1,374)	(7,000)	(7,731)	(831)	(1,393)	(431)	(434)	(11,770)	(10,932)
Depreciation and amortisation for the year	(278,911)	(209,606)	(185,381)	(169,160)	(18,892)	(19,246)	(4,664)	(4,575)	(487,848)	(402,587)
(Recognition)/reversal of impairment losses on property, plant and equipment	(23,176)	-	(12,653)	2,409	-	-	-	-	(35,829)	2,409
<b>Reportable segment assets</b>	<b>4,430,545</b>	<b>3,954,641</b>	<b>3,578,124</b>	<b>3,606,351</b>	<b>461,614</b>	<b>385,747</b>	<b>105,208</b>	<b>92,077</b>	<b>8,575,491</b>	<b>8,038,816</b>
<b>Reportable segment liabilities</b>	<b>2,750,636</b>	<b>2,377,121</b>	<b>820,889</b>	<b>1,003,173</b>	<b>126,521</b>	<b>134,077</b>	<b>29,611</b>	<b>27,437</b>	<b>3,727,657</b>	<b>3,541,808</b>
<b>Additions to non-current segment assets during the year</b>	<b>576,070</b>	<b>890,443</b>	<b>113,446</b>	<b>224,439</b>	<b>7,245</b>	<b>13,721</b>	<b>5,285</b>	<b>2,350</b>	<b>702,046</b>	<b>1,130,953</b>

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

	2021 HK\$'000	2020 HK\$'000
<i>Revenue</i>		
Reportable segment revenue	7,624,769	7,431,072
Elimination of inter-segment revenue	(104,952)	(198,431)
<b>Consolidated revenue</b>	<b>7,519,817</b>	<b>7,232,641</b>



#### 4. Segment reporting (Continued)

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

	2021 HK\$'000	2020 HK\$'000 (Restated)
<i>Profit or loss</i>		
Reportable segment profit from operations	950,206	826,726
Finance costs (note 6(a))	(11,770)	(10,932)
Share of losses of joint venture	(22,242)	(17,433)
Impairment loss on interest in joint venture	(42,800)	-
Unallocated head office and corporate expenses	(106,735)	(119,293)
Consolidated profit before taxation	<u>766,659</u>	<u>679,068</u>
	2021 HK\$'000	2020 HK\$'000
<i>Assets</i>		
Reportable segment assets	8,575,491	8,038,816
Elimination of inter-segment receivables	(1,544,815)	(1,877,449)
	<u>7,030,676</u>	<u>6,161,367</u>
Interest in joint venture	-	62,026
Deferred tax assets	139,489	97,653
Current tax recoverable	79,594	66,497
Goodwill	18,352	17,251
Unallocated head office and corporate assets	8,299	5,701
Consolidated total assets	<u>7,276,410</u>	<u>6,410,495</u>
	2021 HK\$'000	2020 HK\$'000
<i>Liabilities</i>		
Reportable segment liabilities	3,727,657	3,541,808
Elimination of inter-segment payables	(598,539)	(723,869)
	<u>3,129,118</u>	<u>2,817,939</u>
Employee retirement benefit liabilities	7,461	34,313
Deferred tax liabilities	116,248	101,465
Current tax payable	40,750	13,776
Unallocated head office and corporate liabilities	25,959	24,898
Consolidated total liabilities	<u>3,319,536</u>	<u>2,992,391</u>

## 5. Other income

	2021 HK\$'000	2020 HK\$'000
Government grants (Note)	73,912	13,303
COVID-19-related rent concessions	20,902	-
Interest income from bank deposits	5,160	10,919
Interest income from loan to joint venture	2,628	1,644
Rental income	4,034	3,885
Scrap sales	2,893	3,150
Reversal of long outstanding other payables	1,168	2,534
Sundry income	11,103	8,345
	<u>121,800</u>	<u>43,780</u>

Note:

During the year, government grants included COVID-19 financial assistance in Mainland China, Hong Kong and Singapore and amounted to HK\$63,483,000 (2020: HK\$1,406,000).

Government grants also include value-added tax refunded and other financial assistance received from the government of the People's Republic of China ("PRC"). Other government grants received in relation to the acquisition of property, plant and equipment were netted off against the cost of the related assets.

## 6. Profit before taxation

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

	2021 HK\$'000	2020 HK\$'000
(a) <b>Finance costs:</b>		
Interest on bank loans	3,633	2,333
Interest on lease liabilities	8,137	8,599
	<u>11,770</u>	<u>10,932</u>

## 6. Profit before taxation (Continued)

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

	2021 HK\$'000	2020 HK\$'000
<b>(b) Other operating expenses:</b>		
Staff costs	136,125	138,723
Warehouse expenses	63,635	63,451
Sundry tax in Mainland China	45,863	39,204
Management fee charged by a related party	33,354	31,692
Royalty withholding tax	20,800	19,186
Quality assurance and sampling expenses	15,709	13,047
Repair and maintenance expenses	6,808	5,916
Net loss on disposal of property, plant and equipment	5,957	3,689
Recognition/(reversal) of impairment losses on property, plant and equipment	35,829	(2,409)
Others	31,121	46,002
	<b>395,201</b>	<b>358,501</b>
	2021 HK\$'000	2020 HK\$'000
<b>(c) Other items:</b>		
Government grants (Note)	(235,382)	(23,099)
COVID-19-related rent concessions	(25,438)	-
Amortisation of intangible assets	658	546
Depreciation and amortisation		
- Investment properties	126	126
- Right-of-use assets	103,391	90,998
- Other assets	383,673	310,917
Recognition/(reversal) of impairment losses		
- Trade and other receivables	248	977
- Property, plant and equipment	35,829	(2,409)
- Interest in joint venture	42,800	-
Cost of inventories	<b>3,566,484</b>	<b>3,389,578</b>

Note:

During the current year, government grants related to COVID-19 financial assistance in Mainland China, Hong Kong, and Singapore amounted to HK\$224,953,000 (2020: HK\$11,202,000), of which HK\$63,483,000 (2020: HK\$1,406,000) was included in other income, HK\$151,988,000 (2020: HK\$9,191,000) was netted off against staff costs and HK\$9,482,000 (2020: HK\$605,000) was netted off against cost of sales and operating expenses.

## 7. Income tax

Taxation in the consolidated statement of profit or loss represents:

	2021 HK\$'000	2020 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	43,329	18,455
(Over)/under-provision in respect of prior years	(2,818)	5
	<u>40,511</u>	<u>18,460</u>
<b>Current tax – Outside Hong Kong</b>		
Provision for the year	165,455	94,310
Under-provision in respect of prior years	1,000	9,607
	<u>166,455</u>	<u>103,917</u>
<b>Deferred tax</b>	<u>(29,815)</u>	<u>(12,900)</u>
	<u>177,151</u>	<u>109,477</u>

Note:

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 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

	2021 HK\$'000	2020 HK\$'000
Interim dividend declared and paid of HK3.8 cents per ordinary share (2020: HK3.8 cents per ordinary share)	40,465	40,424
Final dividend proposed after the end of the reporting period of HK29.0 cents per ordinary share (2020: HK28.4 cents per ordinary share)	309,552	302,132
	<u>350,017</u>	<u>342,556</u>

The final dividend proposed after the end of the reporting period are based on 1,067,421,500 ordinary shares (2020: 1,063,843,500 ordinary shares), being the total number of issued shares at the date of approval of the financial statements.

The final dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

## 8. Dividends (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK28.4 cents per ordinary share (2020: HK38.0 cents per ordinary share)	<u>302,325</u>	<u>404,181</u>

## 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\$548,346,000 (2020: HK\$535,878,000) and the weighted average number of 1,064,602,000 ordinary shares (2020: 1,063,203,000 ordinary shares) in issue during the year, calculated as follows:

#### *Weighted average number of ordinary shares*

	2021 Number of shares '000	2020 Number of shares '000
Issued ordinary shares at 1st April	1,063,778	1,061,582
Effect of share options exercised	824	1,621
Weighted average number of ordinary shares at 31st March	<u>1,064,602</u>	<u>1,063,203</u>

## 9. Earnings per share (Continued)

### (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\$548,346,000 (2020: HK\$535,878,000) and the weighted average number of 1,074,231,000 ordinary shares (2020: 1,074,530,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

#### *Weighted average number of ordinary shares (diluted)*

	<b>2021</b>	2020
	<b>Number of</b>	Number of
	<b>shares</b>	shares
	<b>'000</b>	'000
Weighted average number of ordinary shares at 31st March	<b>1,064,602</b>	1,063,203
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	<b>9,629</b>	11,327
Weighted average number of ordinary shares (diluted) at 31st March	<b>1,074,231</b>	1,074,530

## 10. Trade and other receivables

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade debtors and bills receivable, net of loss allowance	<b>819,987</b>	707,687
Other debtors, deposits and prepayments	<b>374,121</b>	300,683
Derivative financial instruments	<b>-</b>	501
	<b>1,194,108</b>	1,008,871

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in the trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within three months	<b>803,401</b>	698,888
Three to six months	<b>11,163</b>	7,897
Over six months	<b>5,423</b>	902
	<b>819,987</b>	707,687

## 10. Trade and other receivables (Continued)

Trade debtors and bills receivables are generally due within one to three months from the date of billing. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments, when due, and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

## 11. Trade and other payables

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade creditors and bills payable	<b>976,968</b>	555,000
Accrued expenses and other payables	<b>1,627,752</b>	1,299,499
Receipts in advance from customers	<b>214,616</b>	503,340
	<b>2,819,336</b>	2,357,839

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable, based on the invoice date, is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within three months	<b>970,805</b>	553,029
Three to six months	<b>5,867</b>	1,628
Over six months	<b>296</b>	343
	<b>976,968</b>	555,000

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

## 12. Bank loans

At 31st March 2021, the bank loans were repayable as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within one year or on demand	<b>130,306</b>	241,424

As of the end of the reporting period, no bank loans were secured by charges over property, plant and equipment.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities may become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31st March 2021 and 2020, none of the covenants relating to the drawn down facilities had been breached.

### **13. Non-adjusting events after the reporting period**

Subsequent to the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 8(a).

### **14. Comparative figures**

Certain expenses of Mainland China and Hong Kong Operation segments as disclosed in note 4 have been reallocated to conform with the current year's presentation to reflect more appropriately the performance of the reportable segments. As a result, head office and corporate administrative costs decreased by HK\$68,467,000 and reportable segment profit from operations of Mainland China and Hong Kong Operation decreased by HK\$47,847,000 and HK\$20,620,000 respectively.

### **15. Scope of work of auditor**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March 2021 as set out in the preliminary announcement have been compared by the Group'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 agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.



## DIVIDEND

In view of the Group's business performance and sound financial position, the Board of Directors is recommending a final dividend of HK29.0 cents per ordinary share (FY2019/2020: a final dividend of HK28.4 cents per ordinary share) at the Annual General Meeting to be held on 23rd August 2021 (the "AGM"). This, coupled with the interim dividend of HK3.8 cents per ordinary share (FY2019/2020: an interim dividend of HK3.8 cents per ordinary share), means that, if approved, the Company's total dividend for FY2020/2021 will be HK32.8 cents per ordinary share (FY2019/2020 total dividend: HK32.2 cents per ordinary share). The proposed final dividend will be payable on Tuesday, 14th September 2021 to shareholders whose names appear in the Company's Register of Members on Thursday, 2nd September 2021.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed as follows:

<p><b>(a) For determining eligibility to attend and vote at the AGM:</b></p> <ul style="list-style-type: none"><li>- Latest time to lodge transfer documents for registration with the Company's Share Registrar</li><li>- Closure of the Company's Register of Members</li><li>- Record date</li></ul>	<p>At 4:30 p.m. on 17th August 2021</p> <p>18th August 2021 to 23rd August 2021 (both dates inclusive) 23rd August 2021</p>
<p><b>(b) For determining entitlement to the proposed final dividend:</b></p> <ul style="list-style-type: none"><li>- Latest time to lodge transfer documents for registration with the Company's Share Registrar</li><li>- Closure of the Company's Register of Members</li><li>- Record date</li></ul>	<p>At 4:30 p.m. on 30th August 2021</p> <p>31st August 2021 to 2nd September 2021 (both dates inclusive) 2nd September 2021</p>

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all transfer forms 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 the aforementioned latest time.

## **MANAGEMENT REPORT**

### **Sales Performance**

The Group maintained focus on business fundamentals during this unprecedented period of uncertainty.

Mainland China grew revenue by 8% in local currency terms, leading the Group's overall recovery, with both our core brands, VITASOY and VITA, growing. We also opened our new Dongguan factory on time despite the challenges posed by the pandemic.

COVID-19 restrictions continued to impact Hong Kong in the important on-the-go and on-premise channels, greatly affecting our Vitaland school tuckshop business. As a result, revenue from the Hong Kong Operation fell 12%.

Australia and New Zealand revenue fell by 1% in local currency as easing of COVID-19 restrictions gradually helped our business to recover in the second half of the year. The drop in revenue was also caused by a distortion from shoppers' stock up which took place in the last month of the prior year (March 2020).

Singapore revenue was flat due to declines in beverage and export business offsetting our growth in domestic tofu sales.

Our joint venture with Universal Robina Corporation in the Philippines continued to operate in a very challenging environment, but we were encouraged by growth of our multi-serve business which partly offset the decline of single serve due to COVID-19 continuous lockdowns and extended restrictions.

We will sustain our growth whilst continuing to invest in infrastructure and brand equity to secure long-term growth. The outlook remains promising as plant-based food and beverages become ever more mainstream.

### **Financial Highlights**

The Group's financial position remains sound with all key indicators in positive territory.

#### **Revenue**

- For the year ended 31st March 2021, the Group's revenue grew 4% to HK\$7,520 million (FY2019/2020: HK\$7,233 million).

#### **Gross Profit and Gross Profit Margin**

- The Group's gross profit was HK\$3,954 million (FY2019/2020: HK\$3,851 million), representing an increase of 3%, mainly driven by increase in revenue.
- Gross profit margin was in line with last year at 53%, due to higher promotional expenses which were offset by government subsidies and favourable trends in paper packaging costs.

## Operating Expenses

- Total operating expenses increased 1% to HK\$3,233 million (FY2019/2020: HK\$3,188 million), mainly due to higher logistic expenses and impairment losses on property, plant and equipment, partly offset by the receipt of government subsidies.
- Marketing, selling and distribution expenses were in line with last year at HK\$2,115 million (FY2019/2020: HK\$2,112 million), as a result of higher distribution costs driven by growing sales volume offset by the receipt of government subsidies.
- Administrative expenses were also at the same level, being HK\$723 million (FY2019/2020: HK\$717 million), reflecting the resumption of planned investment in organisational capability and further support from the pandemic-related subsidies.
- Other operating expenses mainly include staff costs for other supporting functions, warehouse expenses, management fee charged by a related party and sundry tax in Mainland China. As a result, other operating expenses increased 10% to HK\$395 million (FY2019/2020: HK\$359 million), due to impairment losses on property, plant and equipment. The pandemic caused reduced mobility and school closures, negatively impacting demand and asset utilisation.

## COVID-19-related Government Grants in FY2020/2021

- For the year ended 31st March 2021, the Group received government grants of HK\$225 million related to COVID-19 financial assistance as we maintained headcount and employment of our staff.

<i>(HK\$ million)</i>		Amount recognised			
Segment	Nature of grants	Net in “Cost of sales”	Under “Other income”	Net in expenses	Total
Hong Kong Operation	Employment Support Scheme (“ESS”) and other relief grants	23	62	60	<b>145</b>
Mainland China	Mainly waiver of social insurance	15	1	53	<b>69</b>
Singapore	Employment subsidies	2	-	3	<b>5</b>
Others	ESS	-	-	6	<b>6</b>
		<b>40</b>	<b>63</b>	<b>122</b>	<b>225</b>

## EBITDA (Earnings Before Interest Income, Finance Costs, Income Tax, Depreciation, Amortisation and Share of Losses of Joint Venture)

- EBITDA for the year was HK\$1,281 million, representing an increase of 17% year-on-year, mainly driven by higher gross profit and government subsidies. The EBITDA to revenue margin for the year increased from 15% to 17%.

## Profit from Operations

- Profit from operations increased by 19% to HK\$843 million (FY2019/2020: HK\$707 million).

## **Impairment loss on interest in joint venture**

- An impairment charge of HK\$43 million was recognised during the year due to the impact of the pandemic on current year sales and future sales projections.

## **Profit Before Taxation**

- Profit before taxation increased by 13% to HK\$767 million (FY2019/2020: HK\$679 million).

## **Taxation**

- Income tax charged for the year was HK\$177 million (FY2019/2020: HK\$109 million) with an effective tax rate of 23%, versus 16% last year, mainly due to a higher proportion of sales and profits in Mainland China which are subject to a higher tax rate.

## **Profit Attributable to Equity Shareholders of the Company**

- Profit attributable to equity shareholders of the Company was HK\$548 million, representing an increase of 2% compared to the previous year (FY2019/2020: HK\$536 million). Excluding all COVID-19-related government subsidies, profit attributable to equity shareholders of the Company decreased 35%.

## **General Review**

As the world grapples with the extended impact of COVID-19, our Group continues to sustain its mission and growth despite diverse challenges across all our markets. In FY2020/2021, the Group's revenue grew by 4% to HK\$7,520 million. Profit attributable to equity shareholders of the Company also grew by 2% to HK\$548 million.

The Board will recommend a final dividend of HK29.0 cents per ordinary share at the Annual General Meeting to be held on 23rd August 2021. Together with the interim dividend of HK3.8 cents per ordinary share, this brings the total dividend for FY2020/2021 to HK32.8 cents per ordinary share (FY2019/2020 total dividend: HK32.2 cents per ordinary share).

## ***Mainland China***

- Vitasoy China grew revenue by 8% in local currency, gradually recovering from the interruption of its growth trajectory due to COVID-19 restrictions in the first half of the year. Both brands, VITASOY and VITA grew. Notable was the acceleration of the on-line “new retail” business during the year.
- As communicated previously, we significantly increased our investments in the second half of the year as the pandemic limitations progressively eased. Government subsidies helped our profit from operations, which grew by 8% in local currency terms. Excluding COVID-19-related government support, profit from operations fell 4%.
- Infrastructure developments continued with the commissioning of our new manufacturing plant in Dongguan, Guangdong Province, adding production capacity to support continued growth driven by both execution in same stores and geographical channel expansion.
- Due to Renminbi (RMB) appreciation, our revenue and profit from operations grew 11% and 10% respectively in Hong Kong dollar (HKD) terms.

### ***Hong Kong Operation (Hong Kong, Macau and Exports)***

- Revenues of the Hong Kong Operation fell 12% versus last year as successive waves of COVID-19 restrictions affected the on-the-go channel, the Vitaland school tuckshop and export businesses. However, the local supermarket channel and on-line business performed solidly thus driving aggregate growth and maintaining the Group's leadership position in our core categories of plant milk and tea. To enhance our plant milk offering on Vitasoy, we introduced a new high-calcium low-sugar oat milk on our Calci-Plus platform during the year.
- Profit from operations grew 32%, due to both deliberate cost optimisation and receipt of government subsidies released upon maintenance of employees' base despite contracting revenues. Excluding the COVID-19-related government subsidies, and in the absence of any employees' reduction counter-measures, profit from the Hong Kong Operation fell 22%.

### ***Australia and New Zealand***

- Revenue fell by just 1% in local currency as the extended lock-down severely affected the restaurant and coffee channel business. This was offset by strong core business performance in the supermarket channel and the launch of new items in the Oat and Almond portfolio. Profit from operations dropped 16% in local currency terms, as the drought which began last year continued to keep raw material prices at an elevated level, coupled with higher investments to keep building brand equity.
- During the year, Bega Cheese Limited acquired shares in Lion Dairy & Drinks including 49% of the shares in Vitasoy Australia Products Pty. Ltd. A new joint venture Board has now been formed and the management team has operated effectively throughout the transition period.
- Due to the appreciation of the Australian dollars (AUD), revenue grew 5% while profit from operations dropped 12% in HKD terms.

### ***Singapore***

- Revenue from our Singapore business was flat in local currency terms compared to last year. Growth in the local tofu business offset the decline in imported beverages and exported tofu which were impacted by the pandemic.
- Profit from the operation dropped 39% in local currency terms due to additional staff costs to sustain local production and operations in the face of the pandemic. The lock-down also delayed implementation of planned innovations causing higher material costs due to packaging and raw materials' expiry.

### **Outlook**

The pandemic challenges will continue to impact the Group's operating environment in the short term, causing not only increasing raw material and logistics costs, but also complexity and volatility.

In this context, the Group's sales outlook is cautiously optimistic.

Our operations proved resilient and have adapted to operating within this "new normal". With the pandemic limitations slowly and gradually easing across our markets, we expect to complete the recovery of our business in the sectors which have been most affected, such as the on-the-go and on-premise channels, exports across all markets and the Vitaland school tuckshop business which, historically, is a significant contributor to the Hong Kong Operation.

We will continue to drive our growth vectors of improved execution in existing customers, and geographical expansion primarily in Mainland China. Our innovation pipeline is strong, relevant and ready to be progressively deployed.

The global plant-based food and beverages movement is becoming ever more mainstream, and is expected to add additional impetus to the Group's growth prospects.

### ***Mainland China***

- Our business in Mainland China is expected to maintain growth in the next year. Improving performance in key channels based on new campaigns on both VITASOY and VITA, national expansion and core portfolio innovation have been planned to secure growth momentum.

### ***Hong Kong Operation (Hong Kong, Macau and Exports)***

- We will continue disciplined cost improvements whilst leveraging new campaigns for both brands and introducing further innovation to restore revenue growth.

### ***Australia and New Zealand***

- We expect a return to revenue growth, driven by a new campaign to strengthen our brand across plant-based categories and a rebound in the on-premise business.

### ***Singapore***

- In the coming year, we will relaunch our domestic tofu business, continue to expand our imported beverage portfolio and, upon easing of pandemic restrictions, restart our export tofu business.

### ***Philippines***

- Our joint venture with URC will continue to focus on establishing the VITASOY brand in the Philippines. While continuing to drive the multi-serve business, we will launch a new campaign to emphasise the home occasion for our single serve business, which was halted by the lockdowns and traffic restrictions.

## **Financial Position**

- The Group finances its operations and capital expenditure primarily through internally generated cash as well as banking facilities provided by our principal bankers.
- As at 31st March 2021, cash and bank deposits amounted to HK\$971 million (31st March 2020: HK\$848 million). 40%, 52% and 2% of our cash and bank deposits were denominated in HKD, RMB and United States Dollars (USD), respectively (31st March 2020: 8%, 82% and 6%). As of 31st March 2021, the Group had a net cash balance (cash and bank deposits less bank borrowings, bills payable and lease liabilities) of HK\$453 million (31st March 2020: HK\$363 million). Available banking facilities amounted to HK\$905 million (31st March 2020: HK\$699 million) to facilitate future cash flow needs.
- The Group's debt amounted to HK\$518 million (31st March 2020: HK\$485 million), of which bank borrowings amounted to HK\$130 million (31st March 2020: HK\$241 million), bills payable amounted to HK\$183 million (31st March 2020: nil) and lease liabilities amounted to HK\$205 million (31st March 2020: HK\$244 million).
- The gearing ratio (total debt/total equity attributable to equity shareholders of the Company) decreased to 14% (31st March 2020: 16%). Excluding lease liabilities from total debt, the gearing ratio increased to 9% (31st March 2020: 8%).
- The Group's return on capital employed (ROCE) (EBITDA/average non-current debt and equity) for the year was 34% (FY2019/2020: 31%).

- Capital expenditure incurred during the year decreased to HK\$623 million (FY2019/2020: HK\$1,061 million), which was mainly spent for acquisition of production equipment for the new plant in Dongguan.
- There were no assets pledged or secured under loan and/or lease arrangements.

### **Sustainability Report 2020/2021**

- The Group publishes various non-financial KPIs in the “Sustainability Report 2020/2021”, which will be released in July 2021 together with the FY2020/2021 Annual Report.

### **Financial Risk Management**

- The Group’s overall financial management policy focuses on anticipating, controlling and managing risks, covering transactions directly related to the underlying businesses of the Group. For synergy, efficiency and control, the Group operates a central cash and treasury management system for all subsidiaries. Borrowings are normally taken out in local currencies by the operating subsidiaries to fund their investments and partially mitigate foreign currency risks.

### **Potential Risk and Uncertainties**

- Vitasoy has implemented a comprehensive risk management framework across the Group to consistently anticipate, assess and mitigate key business risks, and a risk governance structure to ensure proper risk ownership and oversight. In view of the rapidly changing business environment, Group Internal Audit and Risk Management Department has stepped up efforts in improving key risk indicators, identifying external emerging risks, and facilitating risk reviews for key purchasing decisions. Details of these risk management processes are covered in the Risk Management section of the Corporate Governance Report in the FY2020/2021 Annual Report.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has, throughout the year ended 31st March 2021, complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

### **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The Audit Committee comprises four Independent Non-executive Directors, namely, Mr. Paul Jeremy BROUGH (Chairman), Dr. the Hon. Sir David Kwok-po LI, Mr. Jan P. S. ERLUND and Mr. Anthony John Liddell NIGHTINGALE.

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

The Audit Committee also regularly reviews the Company’s corporate governance structure and practices and monitors its performance on an ongoing basis.

The Group’s annual results for the year ended 31st March 2021 have been reviewed by the Audit 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 FY2020/2021 will be published on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company's website at [www.vitasoy.com](http://www.vitasoy.com) in due course.

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

Hong Kong, 17th June 2021

*As at the date of this announcement, Mr. Winston Yau-lai LO, Mr. Roberto GUIDETTI and Mr. Eugene LYE are executive directors. Ms. Yvonne Mo-ling LO, Mr. Peter Tak-shing LO and Ms. May LO are non-executive directors. Dr. the Hon. Sir David Kwok-po LI, Mr. Jan P. S. ERLUND, Mr. Anthony John Liddell NIGHTINGALE, Mr. Paul Jeremy BROUGH and Dr. Roy Chi-ping CHUNG are independent non-executive directors.*