Vitasoy International Holdings Ltd.
維他奶國際集團有限公司

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2020

HIGHLIGHTS

- FY2019/2020 saw an extraordinary series of events such as droughts, bushfires, social unrest and the COVID-19 pandemic which affected business across all our operating units. On a constant currency basis, our Group revenue and profit from operations decreased by 1% and 25% respectively. In Hong Kong dollars (HKD), since the Renminbi (RMB) and Australian dollar (AUD) depreciated, our revenue and profit from operations dropped by 4% and 28% respectively.

- For FY2020/2021, we foresee a gradual recovery to our growth trajectory, whilst we continue to cautiously pace our investments according to the COVID-19's situation.

- Key business highlights
  - Mainland China – Continued leadership of soy category and market share growth of both soy and tea
  - Hong Kong Operation (Hong Kong, Macau and Exports) – Enhanced leadership position despite exceptional challenges
  - Australia and New Zealand – Sustained plant-based portfolio growth amid market challenges
  - Singapore – Maintained number one position in tofu plus strong export growth

- The Group's revenue in FY2019/2020 dropped 4% to HK$7,233 million due to the impact of the above events, to varying degrees on our business units.

- Gross profit for the year was HK$3,851 million, a decrease of 2% on a constant currency basis and a 5% drop in Hong Kong dollar terms, with gross profit margin decreasing slightly from 54% to 53%.

- EBITDA (Earnings before interest income, finance costs, income tax, depreciation, amortisation and share of losses of joint venture) for the year was HK$1,097 million, a decrease of HK$131 million or 11%.

- EBITDA to revenue margin decreased slightly from 16% to 15%.

- Profit attributable to equity shareholders of the Company was HK$536 million, a decrease of 23% from HK$696 million.

- In order to maintain a consistent dividend payout ratio, a final dividend of HK28.4 cents per ordinary share (FY2018/2019: a final dividend of HK38.0 cents per ordinary share) has been proposed. Together with the interim dividend of HK3.8 cents per ordinary share (FY2018/2019: an interim dividend of HK3.8 cents per ordinary share), this brings the total dividend for FY2019/2020 to HK32.2 cents per ordinary share (FY2018/2019 total dividend: HK41.8 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 2020, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March 2020

	Note	**2020** HK$'000	2019 (Note) HK$'000
Revenue	3 & 4	**7,232,641**	7,526,495
Cost of sales		**(3,381,150)**	(3,484,665)
Gross profit		**3,851,491**	4,041,830
Other income	5	**43,780**	40,144
Marketing, selling and distribution expenses		**(2,112,457)**	(2,104,514)
Administrative expenses		**(716,880)**	(635,281)
Other operating expenses		**(358,501)**	(365,019)
Profit from operations		**707,433**	977,160
Finance costs	6(a)	**(10,932)**	(2,086)
Share of losses of joint venture		**(17,433)**	(19,236)
Profit before taxation	6	**679,068**	955,838
Income tax	7	**(109,477)**	(208,143)
Profit for the year		**569,591**	747,695
Attributable to:			
Equity shareholders of the Company		**535,878**	695,907
Non-controlling interests		**33,713**	51,788
Profit for the year		**569,591**	747,695
Earnings per share	9		
Basic		**HK50.4 cents**	HK65.6 cents
Diluted		**HK49.9 cents**	HK65.0 cents

Note:
The Group has initially applied HKFRS 16 at 1st April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See notes 2 and 13.

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 2020

	2020	2019 (Note)
	HK$'000	HK$'000
Profit for the year	**569,591**	747,695
Other comprehensive income for the year (after tax)		
Items that will not be reclassified to profit or loss:		
Remeasurement of employee retirement benefit liabilities	**(9,651)**	(5,141)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries and joint venture outside Hong Kong	**(189,549)**	(122,804)
Cash flow hedge: net movement in the hedging reserve	**(289)**	(4,088)
Total comprehensive income for the year	**370,102**	615,662
Attributable to:		
Equity shareholders of the Company	**367,448**	580,823
Non-controlling interests	**2,654**	34,839
Total comprehensive income for the year	**370,102**	615,662

Note:
The Group has initially applied HKFRS 16 at 1st April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See notes 2 and 13.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2020

	Note	**2020** HK$'000	**2020** HK$'000	2019 (Note) HK$'000	2019 (Note) HK$'000
Non-current assets					
Property, plant and equipment					
- Interests in leasehold land held for own use under operating leases			**-**		176,428
- Investment properties			**3,502**		3,628
- Right-of-use assets			**385,580**		-
- Other property, plant and equipment			**3,322,923**		2,759,250
			3,712,005		2,939,306
Deposits for the acquisition of property, plant and equipment			**548**		1,601
Intangible assets			**3,810**		3,417
Goodwill			**17,251**		18,375
Interest in joint venture			**62,026**		59,290
Deferred tax assets			**97,653**		81,169
			3,893,293		3,103,158
Current assets					
Inventories		**593,559**		748,284	
Trade and other receivables	10	**1,008,871**		984,008	
Current tax recoverable		**66,497**		37,727	
Cash and bank deposits		**848,275**		1,005,032	
		2,517,202		2,775,051	
Current liabilities					
Trade and other payables	11	**2,357,839**		2,213,401	
Bank loans	12	**241,424**		44,508	
Leases liabilities		**89,957**		-	
Current tax payable		**13,776**		29,135	
		2,702,996		2,287,044	
Net current (liabilities)/assets			**(185,794)**		488,007
Total assets less current liabilities			**3,707,499**		3,591,165
Non-current liabilities					
Lease liabilities		**153,617**		-	
Employee retirement benefit liabilities		**34,313**		22,624	
Deferred tax liabilities		**101,465**		98,981	
			289,395		121,605
NET ASSETS			**3,418,104**		3,469,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31st March 2020

	Note	**2020**	2019 (Note)
	Note	**HK$'000**	HK$'000
CAPITAL AND RESERVES			
Share capital		**939,328**	898,961
Reserves		**2,189,062**	2,266,451
Total equity attributable to equity shareholders of the Company		**3,128,390**	3,165,412
Non-controlling interests		**289,714**	304,148
TOTAL EQUITY		**3,418,104**	3,469,560

Note:
The Group has initially applied HKFRS 16 at 1st April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See notes 2 and 13.

Notes:

1. Basis of preparation

The unaudited financial information relating to the year ended 31st March 2020 and the financial information relating to the year ended 31st March 2019 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 2019, 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").

The consolidated financial statements have been prepared on a going concern basis notwithstanding that the Group had net current liabilities of HK$185,794,000 at the end of the reporting period. In preparing these consolidated financial statements, the Directors have given careful consideration to the current and anticipated future liquidity of the Group. Taking into account, inter alia, (i) cash and bank deposits of HK$848,275,000 at 31st March 2020, (ii) the unutilised loan facilities at the end of the reporting period, and (iii) the expected net cash inflows generated from the Group's operations for the next twelve months, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due. Accordingly, the Directors consider that the preparation of these consolidated financial statements on a going concern basis is appropriate.

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 2020 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 2019 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 2019. 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 new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods 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.

The Group has initially applied HKFRS 16 as at 1st April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1st April 2019. Comparative information has not been restated and continues to be reported under HKAS 17. The effect of adoption of HKFRS 16 is summarised in note 13.

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 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 2020 and 2019 is set out below:

	Mainland China		**Hong Kong Operation**		**Australia and New Zealand**		**Singapore**		**Total**	
	2020	2019 (Note)	**2020**	2019 (Note)	**2020**	2019 (Note)	**2020**	2019 (Note)	**2020**	2019 (Note)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**4,503,502**	4,628,440	**2,108,176**	2,264,066	**502,322**	522,468	**118,641**	111,521	**7,232,641**	7,526,495
Inter-segment revenue	**113,411**	77,263	**73,729**	67,190	**7,131**	2,092	**4,160**	3,136	**198,431**	149,681
Reportable segment revenue	**4,616,913**	4,705,703	**2,181,905**	2,331,256	**509,453**	524,560	**122,801**	114,657	**7,431,072**	7,676,176
Reportable segment profit from operations	**523,390**	720,303	**289,977**	339,149	**76,857**	92,781	**4,969**	867	**895,193**	1,153,100
Interest income from bank deposits	**5,931**	3,751	**4,910**	9,664	**75**	165	**3**	1	**10,919**	13,581
Finance costs	**(1,374)**	-	**(7,731)**	(60)	**(1,393)**	(2,026)	**(434)**	-	**(10,932)**	(2,086)
Depreciation and amortisation for the year	**(209,606)**	(162,844)	**(169,160)**	(79,685)	**(19,246)**	(17,614)	**(4,575)**	(4,501)	**(402,587)**	(264,644)
Reportable segment assets	**3,954,641**	3,291,062	**3,606,351**	3,425,052	**385,747**	421,820	**92,077**	76,846	**8,038,816**	7,214,780
Reportable segment liabilities	**2,377,121**	1,769,460	**1,003,173**	672,600	**134,077**	137,592	**27,437**	17,271	**3,541,808**	2,596,923
Additions to non-current segment assets during the year	**890,443**	765,445	**224,439**	184,743	**13,721**	33,195	**2,350**	2,524	**1,130,953**	985,907

Note:
The Group has initially applied HKFRS 16 at 1st April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See notes 2 and 13.

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

	2020	2019
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**7,431,072**	7,676,176
Elimination of inter-segment revenue	**(198,431)**	(149,681)
Consolidated revenue	**7,232,641**	7,526,495

4. Segment reporting (Continued)

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

	2020	2019 (Note)
	HK$'000	HK$'000
Profit or loss		
Reportable segment profit from operations	**895,193**	1,153,100
Finance costs (note 6(a))	**(10,932)**	(2,086)
Share of losses of joint venture	**(17,433)**	(19,236)
Unallocated head office and corporate expenses	**(187,760)**	(175,940)
Consolidated profit before taxation	**679,068**	955,838

	2020	2019 (Note)
	HK$'000	HK$'000
Assets		
Reportable segment assets	**8,038,816**	7,214,780
Elimination of inter-segment receivables	**(1,877,449)**	(1,539,207)
	6,161,367	5,675,573
Interest in joint venture	**62,026**	59,290
Deferred tax assets	**97,653**	81,169
Current tax recoverable	**66,497**	37,727
Goodwill	**17,251**	18,375
Unallocated head office and corporate assets	**5,701**	6,075
Consolidated total assets	**6,410,495**	5,878,209

	2020	2019 (Note)
	HK$'000	HK$'000
Liabilities		
Reportable segment liabilities	**3,541,808**	2,596,923
Elimination of inter-segment payables	**(723,869)**	(363,957)
	2,817,939	2,232,966
Employee retirement benefit liabilities	**34,313**	22,624
Deferred tax liabilities	**101,465**	98,981
Current tax payable	**13,776**	29,135
Unallocated head office and corporate liabilities	**24,898**	24,943
Consolidated total liabilities	**2,992,391**	2,408,649

Note:
The Group has initially applied HKFRS 16 at 1st April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See notes 2 and 13.

5. Other income

	2020	2019
	HK$'000	HK$'000
Government grants (Note)	**13,254**	8,692
Interest income from bank deposits	**10,919**	13,581
Interest income from loan to joint venture	**1,644**	471
Rental income	**3,885**	3,671
Scrap sales	**3,150**	4,382
Reversal of long outstanding other payables	**2,534**	1,679
Sundry income	**8,394**	7,668
	43,780	40,144

Note:
Government grants mainly relate to value-added tax refunded and other financial assistance received from the government of the People's Republic of China. 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):

	2020	2019
		(Note)
	HK$'000	HK$'000
(a) Finance costs:		
Interest on bank loans	**2,333**	2,065
Interest on lease liabilities	**8,599**	21
	10,932	2,086

Note:
The Group has initially applied HKFRS 16 at 1st April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See notes 2 and 13.

6. Profit before taxation (Continued)

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

	2020	2019
	HK$'000	HK$'000
(b) Other items:		
Amortisation of intangible assets	**546**	379
Depreciation and amortisation		
- Investment properties	**126**	460
- Interests in leasehold land held for own use under operating leases	**-**	3,488
- Right-of-use assets*	**90,998**	-
- Other assets	**310,917**	260,317
Recognition/(reversal) of impairment losses		
- Trade and other receivables	**977**	316
- Property, plant and equipment	**(2,409)**	2,015
Cost of inventories	**3,389,578**	3,496,975

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1st April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1st April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See notes 2 and 13.

7. Income tax

Taxation in the consolidated statement of profit or loss represents:

	2020	2019
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**18,455**	37,448
Under-provision in respect of prior years	**5**	304
	18,460	37,752
Current tax – Outside Hong Kong		
Provision for the year	**94,310**	125,504
Under/(over)-provision in respect of prior years	**9,607**	(612)
	103,917	124,892
Deferred tax	**(12,900)**	45,499
	109,477	208,143

Note:
The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 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

	2020 **HK$'000**	2019 HK$'000
Interim dividend declared and paid of HK3.8 cents per ordinary share (2019: HK3.8 cents per ordinary share)	**40,424**	40,324
Final dividend proposed after the end of the reporting period of HK28.4 cents per ordinary share (2019: HK38.0 cents per ordinary share)	**302,132**	403,574
	342,556	443,898

The final dividend proposed after the end of the reporting period are based on 1,063,843,500 ordinary shares (2019: 1,062,037,500 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.

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

	2020 **HK$'000**	2019 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK38.0 cents per ordinary share (2019: HK31.4 cents per ordinary share)	**404,181**	**333,191**

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$535,878,000 (2019: HK$695,907,000) and the weighted average number of 1,063,203,000 ordinary shares (2019: 1,060,585,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2020 Number of shares ’000	2019 Number of shares ’000
Issued ordinary shares at 1st April	**1,061,582**	1,058,872
Effect of share options exercised	**1,621**	1,713
Weighted average number of ordinary shares at 31st March	**1,063,203**	1,060,585

(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$535,878,000 (2019: HK$695,907,000) and the weighted average number of 1,074,530,000 ordinary shares (2019: 1,071,436,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020 Number of shares ’000	2019 Number of shares ’000
Weighted average number of ordinary shares at 31st March	**1,063,203**	1,060,585
Effect of deemed issue of ordinary shares under the Company’s share option scheme for nil consideration	**11,327**	10,851
Weighted average number of ordinary shares (diluted) at 31st March	**1,074,530**	1,071,436

10. Trade and other receivables

	2020	2019
	HK$'000	HK$'000
Trade debtors and bills receivable, net of loss allowance	**707,687**	716,425
Other debtors, deposits and prepayments	**300,683**	267,583
Derivative financial instruments	**501**	-
	1,008,871	984,008

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:

	2020	2019
	HK$'000	HK$'000
Within three months	**698,888**	708,851
Three to six months	**7,897**	7,416
Over six months	**902**	158
	707,687	716,425

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 the exposure to the 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

	2020	2019
	HK$'000	HK$'000
Trade creditors and bills payable	**555,000**	660,898
Accrued expenses and other payables	**1,299,499**	1,063,278
Receipts in advance from customers	**503,340**	489,225
	2,357,839	2,213,401

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:

	2020	2019
	HK$'000	HK$'000
Within three months	**553,029**	659,796
Three to six months	**1,628**	687
Over six months	**343**	415
	555,000	660,898

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

12. Bank loans

At 31st March 2020, the bank loans were repayable as follows:

	2020	2019
	HK$'000	HK$'000
Within one year or on demand	**241,424**	44,508

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 would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31st March 2020 and 2019, none of the covenants relating to the drawn down facilities had been breached.

13. Changes in accounting policies – HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. A single accounting model now applies to lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as at 1st April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1st April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below.

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group has applied the new definition of a lease as defined in HKFRS 16 only to contracts that were entered into or changed on or after 1st April 2019. For contracts entered into before 1st April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

At the date of transition to HKFRS 16 (i.e. 1st April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1st April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.34%.

13. Changes in accounting policies – HKFRS 16, *Leases* (Continued)

(ii) Lessee accounting and transitional impact (Continued)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16.

(a) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ended on or before 31st March 2020;

(b) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);

(c) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31st March 2019 as an alternative to performing an impairment review;

(d) the Group used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension or termination options; and

(e) the Group excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The following table reconciles the operating lease commitments as at 31st March 2019 to the opening balance for lease liabilities recognised as at 1st April 2019:

	1st April 2019 **HK$'000**
Operating lease commitments at 31st March 2019	**369,385**
Less: commitments relating to lease exempt from capitalisation:	
- short-term lease and other leases with remaining lease term ending on or before 31st March 2020	**(40,073)**
- leases of low-value assets	**(664)**
- non-lease components	**(39,364)**
	289,284
Less: total future interest expenses	**(30,025)**
Total lease liabilities recognised at 1st April 2019	**259,259**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount as if HKFRS 16 had always been applied since the commencement date of the lease.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

13. Changes in accounting policies – HKFRS 16, *Leases* (Continued)

(ii) Lessee accounting and transitional impact (Continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31st March 2019 HK$'000	Capitalisation of operating lease contracts HK$'000	Carrying amount at 1st April 2019 HK$'000
Interests in leasehold land held for own use under operating leases	176,428	(176,428)	-
Right-of-use assets	-	421,601	421,601
Total non-current assets	**3,103,158**	**245,173**	**3,348,331**
Trade and other payables	2,213,401	(8,260)	2,205,141
Lease liabilities (current)	-	71,627	71,627
Total current liabilities	**2,287,044**	**63,367**	**2,350,411**
Net current assets	**488,007**	**(63,367)**	**424,640**
Total assets less current liabilities	**3,591,165**	**181,806**	**3,772,971**
Lease liabilities (non-current)	-	187,632	187,632
Total non-current liabilities	**121,605**	**187,632**	**309,237**
Net assets	**3,469,560**	**(5,826)**	**3,463,734**
Total equity attributable to equity shareholders of the Company	**3,165,412**	**(5,809)**	**3,159,603**
Non-controlling interests	**304,148**	**(17)**	**304,131**
Total equity	**3,469,560**	**(5,826)**	**3,463,734**

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 31st March 2020 HK$'000	At 1st April 2019 HK$'000
Interests in leasehold land held for own use	**167,575**	183,380
Buildings held for own use	**216,096**	238,221
Factory machinery and equipment	**1,909**	-
	385,580	421,601

13. Changes in accounting policies – HKFRS 16, *Leases* (Continued)

(iii) Impact on the financial results, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1st April 2019, the Group, as a lessee, is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This has resulted in a negative impact on the reported profit before taxation in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated cash flow statement.

The following tables give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial results, segment results and cash flows for the year ended 31st March 2020, by adjusting the amounts reported under HKFRS 16 in these financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to FY2019/2020 instead of HKFRS 16, and by comparing these hypothetical amounts for FY2019/2020 with the actual FY2018/2019 corresponding amounts which were prepared under HKAS 17.

Segment assets and segment liabilities at 31st March 2020 increased as a result of the change in accounting policy. The following segments were increased/(decreased) by the change in policy:

	Segment profit before taxation HK$'000	**Segment assets HK$'000**	**Segment liabilities HK$'000**
Mainland China	**(192)**	**29,629**	**30,156**
Hong Kong Operation	**(3,815)**	**186,467**	**192,269**
Others	**(108)**	**8,294**	**11,049**
Total	**(4,115)**	**224,390**	**233,474**

13. Changes in accounting policies – HKFRS 16, *Leases* (Continued)

(iii) Impact on the financial results, segment results and cash flows of the Group (Continued)

	2020			2019
	Amounts reported under HKFRS 16 (A)	**Estimated amount related to operating lease as if under HKAS 17 (note (a) & (b)) (B)**	**Hypothetical amounts for 2020 as if under HKAS 17 (C=A+B)**	Compared to amounts reported under HKAS 17
	HK$'000	**HK$'000**	**HK$'000**	HK$'000
Line items in the consolidated cash flow statement for the year ended 31st March 2020 impacted by the adoption of HKFRS 16:				
Cash generated from operations	1,428,707	(90,546)	1,338,161	1,464,896
Net cash generated from operating activities	**1,259,778**	**(90,546)**	**1,169,232**	**1,273,230**
Capital element of lease rentals paid	(81,947)	81,947	-	(871)
Interest element of lease rentals paid	(8,599)	8,599	-	(21)
Net cash used in financing activities	**(316,296)**	**90,546**	**(225,750)**	**(337,381)**

Note (a): The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2020 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2020. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2020 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2020. Any potential net tax effect is ignored.

Note (b): In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

(iv) Lessor accounting

The Group leases out the properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

14. Non-adjusting events after the reporting period

Since the outbreak of COVID-19 pandemic in early 2020, ongoing prevention and control measures have been carried out by the Chinese Government and Hong Kong Government. These measures have affected the Group's business and are expected to continue to adversely impact the Group's financial performance in the coming financial year.

Given the evolving nature of the COVID-19 and the unpredictability of future developments, it is not practicable to provide a reasonable estimate of the impact of the pandemic on the Group's financial performance. The Group will closely monitor and respond to the development of the COVID-19 and will continue to assess its impact on the Group's financial position and operating results.

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

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 2020 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 growth and sound financial position, the Board of Directors is recommending a final dividend of HK28.4 cents per ordinary share (FY2018/2019: a final dividend of HK38.0 cents per ordinary share) at the Annual General Meeting on 18th August 2020 (the "AGM"). This, coupled with the interim dividend of HK3.8 cents per ordinary share (FY2018/2019: an interim dividend of HK3.8 cents per ordinary share), means that, if approved, the Company's total dividend for FY2019/2020 will be HK32.2 cents per ordinary share (FY2018/2019 total dividend: HK41.8 cents per ordinary share). The proposed final dividend will be payable on Wednesday, 9th September 2020 to shareholders whose names appear in the Company's register members on Friday, 28th August 2020.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For determining eligibility to attend and vote at the AGM: - Latest time to lodge transfer documents for registration with the Company's Share Registrar - Closure of the Company's Register of Members - Record date	 At 4:30 p.m. on 12th August 2020 13th August 2020 to 18th August 2020 (both dates inclusive) 18th August 2020
(b) For determining entitlement to the proposed final dividend: - Latest time to lodge transfer documents for registration with the Company's Share Registrar - Closure of the Company's Register of Members - Record date	 At 4:30 p.m. on 25th August 2020 26th August 2020 to 28th August 2020 (both dates inclusive) 28th August 2020

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

Despite the occurrence of COVID-19 outbreak in Wuhan, one of our core regions, Mainland China sales grew 1% in local currency terms, generating RMB4,025 million in revenue. Operating profit dropped 24% in local currency compared to the previous year, due to a combination of declining revenue growth and of the fact that a significant portion of operating expenses have already been incurred during Chinese New Year. We have grown market share in all the regions where we compete, and have progressed construction of our new Changping factory in Dongguan, Guangdong province such that we can begin production in 2020.

Our Hong Kong Operation generated HK$2,108 million in revenue, a decline of 7% as the social unrest and COVID-19 affected not only on-premise and on-the-go channels, but also our Vitaland school tuck shop business due to school closures.

Australia and New Zealand continued their growth, with revenue increasing by 3% in local currency terms. This was made possible via the success of newly introduced product innovation offsetting the impact of droughts, bushfires and, most recently, COVID-19.

Singapore grew 8% in local currency terms. The operation maintained its leadership in the tofu category and made further progress in imported beverages.

The Philippines joint venture with Universal Robina Corporation achieved a major milestone in establishing and starting local manufacturing. This will enable lower costs and higher flexibility and customisation to expand our platforms in this exciting and fast growing market.

Financial Highlights

The financial position of the Group remains healthy. Key financial indicators including revenue, gross profit margin and return on capital employed all reflect that the Company could still maintain its solid business position.

Revenue

- For the year ended 31st March 2020, the Group's revenue dropped 4% to HK$7,233 million (FY2018/2019: HK$7,526 million).

Gross Profit and Gross Profit Margin

- The Group's gross profit was HK$3,851 million (FY2018/2019: HK$4,042 million), representing a decrease of 2% on a constant currency basis and a 5% drop in Hong Kong dollar terms, attributable mainly by a decrease in revenue.
- Gross profit margin decreased slightly to 53% (FY2018/2019: 54%), mainly attributable to lower sales volume and higher depreciation due to increases in capital expenditure, despite the mitigating effect of favourable commodity prices, particularly sugar and paper packaging.

Operating Expenses

- Total operating expenses increased 3% to HK$3,188 million (FY2018/2019: HK$3,105 million), due to higher staff related expenses, particularly in Mainland China, in a continued competitive environment.
- Marketing, selling and distribution expenses were maintained at the same level, being HK$2,112 million (FY2018/2019: HK$2,105 million) through stringent cost management to offset increased staff costs from the expansion of the sales team in Mainland China.
- Administrative expenses increased 13% to HK$717 million (FY2018/2019: HK$635 million), reflecting salary inflationary adjustments and strengthened organisational capabilities.
- Other operating expenses were HK$359 million, versus HK$365 million for the previous year.

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

- EBITDA for the year was HK$1,097 million (FY2018/2019: HK$1,228 million), representing a decrease of 11% year-on-year, mainly driven by lower gross profit.
- The EBITDA to revenue margin for the year was 15% (FY2018/2019: 16%).

Profit from Operations

- Profit from operations decreased by 28% to HK$707 million (FY2018/2019: HK$977 million).

Profit Before Taxation

- Profit before taxation decreased by 29% to HK$679 million (FY2018/2019: HK$956 million).

Taxation

- Income tax charged for the year was HK$109 million (FY2018/2019: HK$208 million) with an effective tax rate of 16%, versus 22% last year, reflecting lower profits in Mainland China.

Profit Attributable to Equity Shareholders of the Company

- Profit attributable to equity shareholders of the Company was HK$536 million, representing a decrease of 23% compared to the previous year (FY2018/2019: HK$696 million).

General Review

In FY2019/2020 the development of the Group has been challenging against a backdrop of a number of events which were not unique to our Group but impacted, and continue to impact, the world as a whole. The most notable events are the COVID-19 pandemic, ongoing social unrest in Hong Kong, the prolonged drought in Australia and a continued strain on US-Sino relations. As a result, on a constant currency basis, revenue and profit attributable to equity shareholders of the Company dropped by 1% and 20% respectively. In Hong Kong dollars (HKD), the Group's revenue dropped by 4% to HK$7,233 million, while profit attributable to equity shareholders of the Company dropped 23% to HK$536 million.

The Board will recommend a final dividend of HK28.4 cents per ordinary share at the Annual General Meeting to be held on 18th August 2020. Together with the interim dividend of HK3.8 cents per ordinary share, this brings the total dividend for FY2019/2020 to HK32.2 cents per ordinary share (FY2018/2019 total dividend: HK41.8 cents per ordinary share).

Mainland China

- Vitasoy China grew 1% year-on-year in local currency terms. Since Chinese New Year, various measures were enforced in a number of provinces and municipalities in Mainland China to curb the spread of the COVID-19. These necessary measures were critical to protect the population but in the short term materially affected our manufacturing and commercial operations, particularly in Wuhan, Hubei province and in the on-premise and on-the-go channels where we have significant business. In this context, very strong growth in the e-commerce channel and continued market share growth have confirmed the appeal and resilience of our brand franchises.
- Profits decreased by 24% in local currency comparing to last year, due to a combination of declining revenue growth and of the fact that a significant portion of operating expenses have already been incurred during Chinese New Year. During the year we have progressed the digitisation of the operation and the set-up of a shared service centre, streamlining our internal processes for lower costs and higher accuracy and agility. The construction of our new Changping production plant in Dongguan, Guangdong province has progressed and is expected to commence production in 2020.
- Due to RMB depreciation, our revenue and profits decreased by 3% and 27% respectively in HKD terms.

Hong Kong Operation (Hong Kong, Macau and Exports)

- The Hong Kong operation continued to grow market share in its core categories but its revenue and profit declined 7% and 14% respectively versus last year due to ongoing social unrest and COVID-19 affecting our distribution channels. Our school tuck shops and sales to schools were halted as the Hong Kong Government imposed school closures in November 2019 and during the COVID-19 pandemic.
- Market share of our core brands VITASOY and VITA grew as we combined a strong focus on fundamentals for our Classic equities with on-trend successful innovation with the launch of new nutritional and no-sugar platforms. We will continue to strengthen our infrastructure and efficiency, and drive quality in our manufacturing and logistics operations to support a winning strategy in core categories.

Australia and New Zealand

- The extreme drought in Australia followed by destructive bushfires reduced the local supply of soybeans, increasing material costs, constraining production and inhibiting our ability to supply customers. Nevertheless, our Australia and New Zealand business grew revenue by 3% in local currency terms due to continued innovation in the plant-based milk space. Operating profit decreased by 11% in local currency terms due to a temporary significant increase in input costs and operating expenses supporting the newly launched innovation, which should bear fruit next year.
- Due to AUD depreciation, revenue and profit declined by 4% and 17% respectively in HKD terms.

Singapore

- Our Singaporean unit grew revenue by 8% in local currency terms, continuing our multi-vector growth strategy which comprises the sustained leadership of the core tofu market, the expansion of our tofu exports and the step change in awareness and penetration of our beverage portfolio.
- Operating profit grew significantly at 482% in local currency terms over last year accordingly. This was due to a more profitable category and channel mix combined with higher manufacturing efficiencies, upon a relatively low profit base of the last year.
- Due to Singapore dollars (SGD) depreciation, our revenue grew 6% and profit grew 473% in HKD terms.

Outlook

Notwithstanding the continuing challenges posed by the COVID-19 pandemic in particular, the long term outlook for the Group remains very promising. Our objective is to broaden our impact by expanding an innovative and relevant portfolio of tasty and nutritious plant-based beverages, whilst at same time continuing to be a role model for sustainability and Environmental, Social and Governance (ESG) performance.

The market, retail, and consumer trends remain favourable. Our Company has the strong strategic vision, competitive advantages and an ever stronger team to execute the strategy and deliver the above vision.

Our Mainland China business is still in development mode, and scaling it up will complement our other solid international positions in Australia, New Zealand, Singapore and the Philippines.

Mainland China

- Mainland China is expected to gradually restore its growth trajectory during the next year.
- For the time being, we have been pacing our investments and generating efficiency and productivity gains. We will stay focused on extending our market leadership in the soy milk category in the markets where we compete, complementing it with additional growth of our tea portfolio.

Hong Kong Operation (Hong Kong, Macau and Exports)

- Our home base will stay focused on quality execution of our Classic portfolio and the launch of selective and relevant on-trend innovation. These will now be supported by our completed capital investments updating our infrastructure for future growth, also enabling cost efficiencies driven by higher core volumes.

Australia and New Zealand

- Since this operation's main business of 1 litre long shelf life packs satisfies the home consumption occasion, we experienced some pantry loading during March as shoppers decided to increase their stock. Whilst this will negatively affect the first quarter of FY2020/2021, in the medium term we expect continued growth in this market behind our market leadership position, innovation and very strong consumer and retail interest towards plant-based foods and beverages.

Singapore

- Similar to Australia albeit for different reasons, shoppers in Singapore increased their purchases of our Unicurd and Vitasoy tofu lines, since the closure of restaurants due to COVID-19 lockdown enabled much more cooking at home. Whilst this will negatively influence our sales in the first quarter of FY2020/2021, we expect a normalisation of buying patterns in the second half of the Fiscal Year. We will continue to grow and integrate our local tofu business with the expansion of our beverage portfolio to accelerate scale up of the operation.

Philippines

- This new operation will scale up via establishing expanded brand and market presence. With the starting of local manufacturing, we will be able to not only improve our cost structure, but gain the ability to better tailor our portfolio to the needs of this exciting and fast growing market.

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 2020, cash and bank deposits amounted to HK$848 million (31st March 2019: HK$1,005 million). Of our cash and bank deposits, 8%, 82% and 6% were denominated in HKD, RMB and United States dollars (USD), respectively (31st March 2019: 45%, 47% and 4%). As of 31st March 2020, the Group had a net cash balance of HK$363 million (31st March 2019: HK$960 million). Available banking facilities amounted to HK$699 million (31st March 2019: HK$940 million) to facilitate future cash flow needs.
- The Group's borrowings (including lease liabilities) amounted to HK$485 million (31st March 2019: HK$45 million), of which bank borrowings amounted to HK$241 million (31st March 2019: HK$45 million) and lease liabilities amounted to HK$244 million (31st March 2019: nil).
- The gearing ratio (total borrowings/total equity attributable to equity shareholders of the Company) increased to 16% (31st March 2019: 1%). Excluding lease liabilities from total borrowings, the gearing ratio increased to 8% (31st March 2019: 1%).
- The Group's return on capital employed (ROCE) (EBITDA/average non-current debt and equity) for the year was 31% (FY2018/2019: 37%).
- Capital expenditure incurred during the year increased to HK$1,061 million (FY2018/2019: HK$986 million), which was mainly spent to fund the acquisition of production equipment for the new Changping plant in Dongguan, installation of new production lines in both Hong Kong and Mainland China and the continuation of infrastructure investment program in Hong Kong.
- There were no assets being pledged under loan and/or lease arrangements.

Sustainability Report 2019/2020

- The Group publishes various non-financial KPIs in the "Sustainability Report 2019/2020", which will be released in July 2020 together with the FY2019/2020 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

- During the year, the Group Internal Audit and Risk Management Department implemented an all-round Risk Assessment Process that enabled more stakeholders at the entity-level to participate in the risk identification, mitigation and monitoring procedures. Opportunities for two-way communications between the Group and the local entities are also increased during the Risk Assessment Process to ensure practicability of implementing Group Risk Management initiatives in the local entities. The parameters of Key Risk Indicators (a tool to monitor risk status) are also reviewed and revised where necessary in order to achieve more timely and accurate detection of change in risk status and development of mitigation actions. Besides, additional support was given to local entities in the form of trainings and workshops to enhance their risk awareness and capability to complete the risk management processes. Details of these risk management processes are covered in the Risk Management section of the Corporate Governance Report in the FY2019/2020 Annual Report.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31st March 2020, 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 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 reviews the Company's corporate governance structure and practices regularly and monitors its performance on an ongoing basis.

The Group's annual results for the year ended 31st March 2020 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 FY2019/2020 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, 19th June 2020

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.