

For Immediate Release

**Vitasoy Achieved Solid Performance in FY2011/2012  
Entering a New Phase for Sustainable Growth**

	For the year ended 31 <sup>st</sup> March		Change %
	<u>2012</u> <u>HK\$ Mn</u>	<u>2011</u> <u>HK\$ Mn</u> <u>(restated)</u>	
Turnover	3,717	3,329	12
Gross profit	1,760	1,601	10
EBITDA	554	537	3
Profit before taxation	408	419	(3)
Profit after taxation	322	331	(3)
Profit attributable to equity shareholders of the Company	281	284	(1)
Basic earnings per share (HK cents)	27.5	27.9	(1)
Final dividend per share (HK cents)	15.1	15.1	--
Total dividend per share (HK cents)	18.3	18.3	--

**Hong Kong, 21 June 2012** – Vitasoy International Holdings Limited (“VIHL” or “the Group”) (SEHK Code:0345), a Hong Kong-based manufacturer, marketer and distributor of non-carbonated beverages and food, today announced its audited annual results for the year ended 31<sup>st</sup> March 2012. The Group maintained its solid business growth momentum with net sales increased 12% to HK\$3,717 million. Gross profit recorded a steady growth of 10% to HK\$1,760 million, with gross profit margin stood at 47%. However, due to increased investment in marketing and higher operating and financing costs associated with the Group’s major capital investments in Hong Kong, Mainland China and Australia, profit attributable to equity shareholders dropped 1% to HK\$281 million.

“The Group successfully managed various kinds of challenges in a volatile environment in the past year. The general operating environment was over-shadowed by rising operational and overhead costs, while our worldwide production facilities faced different levels of manufacturing constraints. In spite of these challenges, we steered towards our goal of growing sales and brand equity in markets we operate while implementing our capacity expansion plans in Hong Kong, Mainland China and Australia to prepare for sustainable growth and profitability,” said Mr Winston Yau-lai Lo, Executive Chairman of VIHL.



Basic earnings per share were HK27.5 cents for the period. The Board of Directors of VIHL proposed the payment of a final dividend of HK15.1 cents per ordinary share (FY2010/11: HK15.1 cents per ordinary share) for the year ended 31<sup>st</sup> March 2012. Together with the interim dividend of HK3.2 cents per ordinary share, the total dividend per ordinary share amounted to HK18.3 cents (FY2010/11:HK18.3 cents per ordinary share).

### **Hong Kong and Macau – Growth in both sales and profit; out-performed local industry**

The Hong Kong operation outperformed the local industry average with the net sales revenue and operating profit grew by 9% and 13% to HK\$1,672 million and HK\$321 million respectively. The operation leveraged its strong brand equity and effective marketing campaigns for flagship VITASOY and VLT (VITA lemon tea) brands to reinforce customer loyalty. New “low sugar” products were rolled out to cater for stronger consumer demand for healthy products.

The completion of facility upgrade at Tuen Mun plant, which includes the addition of a new aseptic PET line in late 2011, enhanced the manufacturing efficiency and allowed it further penetrate into new product segments.

The export and Macau businesses recorded impressive sales growth. Vitaland Services Limited reported healthy business growth with enlarged share in the school market.

“Our investment in production capability is essential in driving our growth momentum in the long run. We will maximize return on new capacity by expanding into different packaging segments and widen market presence by capitalizing our strong brand equity,” said Mr Larry Eisentrager, Group Chief Executive Officer of VIHL.

### **Mainland China – Solid sales growth under a challenging environment, with enhanced brand awareness and new plant launched**

The operating environment in the Mainland China became more challenging with slower consumption growth in nutritious drinks and intense competition. Vitasoy China recorded net sales revenue increase of 19% to HK\$1,014 million despite capacity constraint in Southern China. VITA Lemon Tea recorded a strong growth. The operation adopted measured pricing strategy to counteract rising costs in fuel, labour and social welfare costs. The operating profit dropped 18% to HK\$90 million mainly due to one-off pre-operation expenses for the new Foshan plant and the increased marketing investment in brand building campaign in Eastern China.

During the year, persistent efforts in marketing helped the VITASOY brand to maintain its leading position in soymilk market and to compete with nutritional drinks in Southern China. In Eastern China, the operation increased its brand building effort to drive sales. .

“Looking ahead, the new Foshan plant that started operation in late 2011 will enable us to have better customer reach at lower cost. With our stronger production capacity in Mainland China, we are better positioned to grow our business through penetrating distribution channels and widening our territorial presence to neighbouring provinces. In Southern China, our focus will be to expand the soymilk category, while in the east, we will concentrate on brand building and reaching a critical mass of volume,” said Mr Eisentrager.

**Australia and New Zealand – Sales growth under capacity constraint, aided by positive foreign exchange**

The Australian and New Zealand operation experienced a tough year which was impacted by a slower growth in retail sector, an industrial action and operational complexity amidst the plant expansion project.

The operation reported net sales revenue of HK\$499 million, representing a 12% increase, which was mainly contributed by the favourable foreign exchange rate. The operating profit showed a mild drop of 2% to HK\$88 million, because of higher labour costs incurred during the factory upgrade phase.

The recent entry into the Liquid Breakfast through VITAGO brand has helped the operation tap into the on-the-go market

“The capacity expansion project is expected to complete in the first half of FY2012/2013. Upon completion, the Wodonga plant will be able to double its production capacity and increase flexibility. We will continue our focus on leading the category growth and enhancing product portfolio,” commented Mr Eisentrager.

**North America – Steady sales growth; operational efficiency affecting profitability**

During the year, the North American operation focused on growing its core products and expanding market leadership in US Tofu and Asian pasta categories. The Asian Imported Beverage also recorded a growth trend. The net sales revenue grew by 5% to HK\$455 million attributed to a favourable product mix. The operation managed to maintain a breakeven though the profitability was hindered by various operational challenges including operational inefficiencies, unexpected downtime and higher labour and transportation costs.

“Our North American operation will focus on enhancing operational efficiencies and adding new offerings and using innovative marketing communications to reach a broader array of consumers.” commented Mr Eisentrager.

**Singapore – Stable performance; impacted by a tough operating environment**

The net sales revenue of Unicurd, the Group’s wholly-owned subsidiary in Singapore, increased 16% to HK\$76 million, with strong sales growth recorded in supermarkets and restaurants. However, the operating profit dropped from HK\$6 million to HK\$5 million as the price adjustment not able to offset cost increase.

The Singaporean operation will focus on driving sales growth through brand building and sampling promotions.

**Outlook**

“In the year ahead, the operating environment will be more challenging with continuing cost inflation, a volatile employment environment and increasingly competitive market landscape. For VIHL, this year is the culmination of two years of investment ensuring a sustainable future growth.



With the completion of capacity expansion and upgrade projects in Hong Kong, Mainland China and Australia, we will focus on further building our brand strength, product quality and profitable growth," Mr Lo concluded.

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**About Vitasoy**

**Vitasoy International Holdings Limited** is one of the leading manufacturers and distributors of non-carbonated drinks with a base in Hong Kong. Founded in 1940 and with production facilities in Hong Kong, Mainland China, Australia, the United States and Singapore, Vitasoy currently provides consumers in 40 markets worldwide with over 1,000 stock keeping units. Over the years, Vitasoy has successfully established a corporate image as "the Soy Expert". Vitasoy is a constituent stock of the Morgan Stanley Capital International ("MSCI") Hong Kong Small Cap Index, Hang Seng Composite Index, Heng Seng Composite SmallCap Index and Hang Seng Composite Industry Index – Consumer Goods. (Vitasoy website: [www.vitasoy.com](http://www.vitasoy.com))

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