

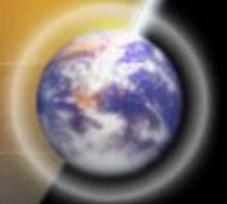


Vitasoy International Holdings Limited

Interim Results

FY2004 - 2005

14 December 2004





Disclaimer

In addition to historical information, this presentation contains forward-looking statements with respect to the results of the operations and business of Vitasoy. These forward-looking statements represent Vitasoy's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Vitasoy International Holdings Limited

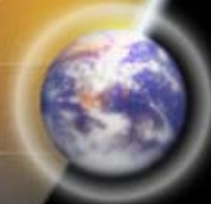




Performance Highlights

(Six Months ended 30th September)

	2004	2003	Change
● Turnover (HK\$'M)	1,234	1,143	+8%
● Gross Profit (HK\$'M)	729	652	+12%
● EBITDA (HK\$'M)	150	125	+20%
● EBIT (HK\$'M)	95	70	+36%
● Net Profit (HK\$'M)	68	54	+26%
● Basic Earnings per share (HK Cents)	6.9	5.5	+25%
● Dividend per share (HK Cents)	2.8	2.8	-





Rationalization Highlights

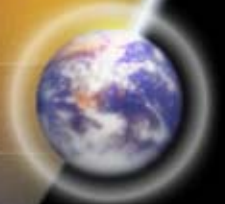
(Non-recurring item for the six months ended 30.09.2004)

- Consolidating production facilities at Ayer plant on East Coast, USA
- Exiting the US Refrigerated Soymilk
- Projected ongoing annual saving : HK\$10 million
- Recognised impairment loss on fixed assets: HK\$12 million
- A one-off charge (incl. shut-down costs, severance and asset relocation) in 2nd Half : estimated at HK\$9 million



Benefits of Consolidation in the US

- **To enhance operating efficiency**
- **To increase asset utilization**
- **To lower production costs**
- **To improve earnings**
- **To reduce working capital**





Performance Highlights

(Six Months ended 30th September)

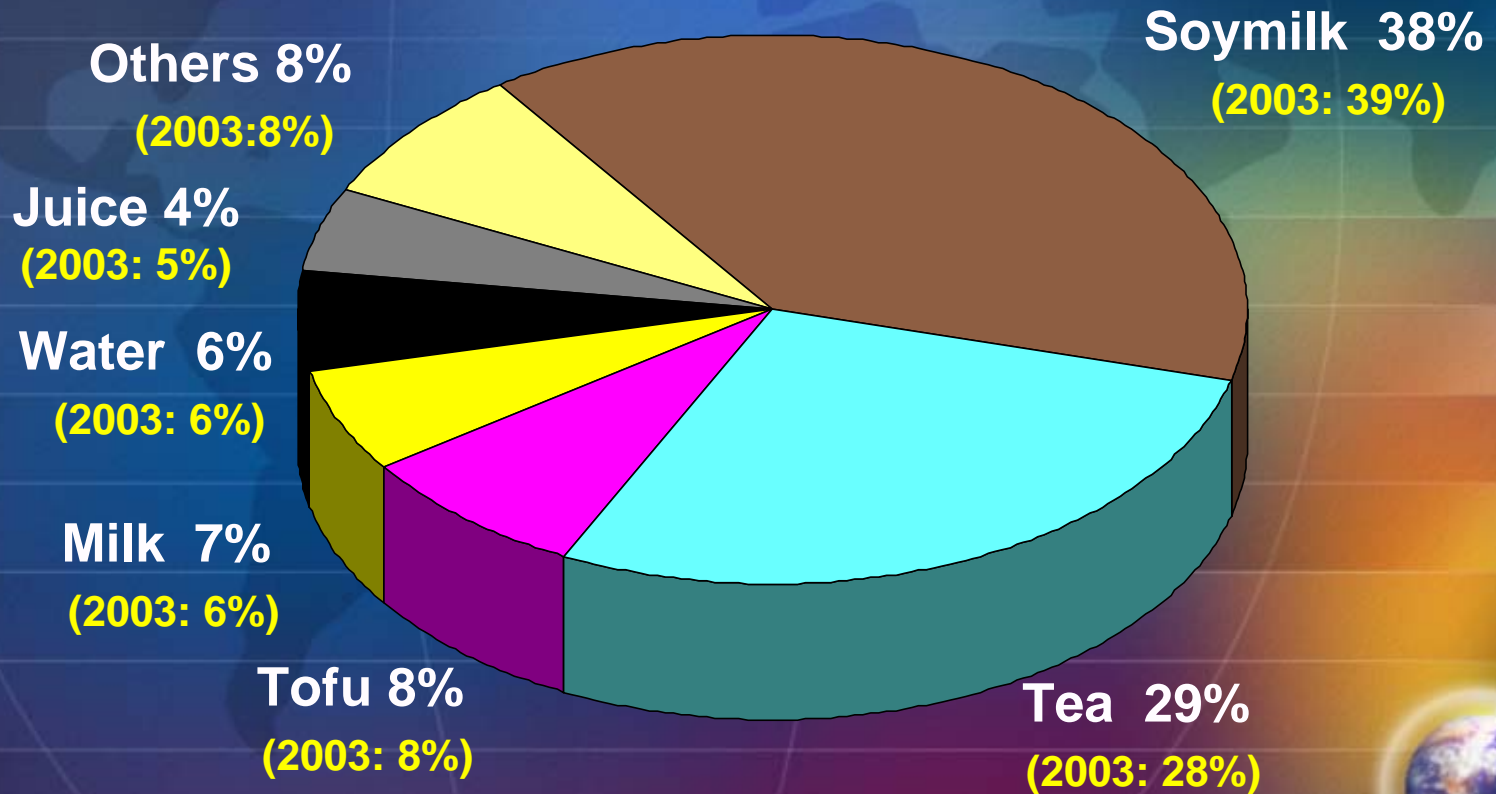
- Excluding the impairment loss on fixed assets

	2004	2003	Change
● Turnover (HK\$'M)	1,234	1,143	+8%
● Gross Profit (HK\$'M)	729	652	+12%
● EBITDA (HK\$'M)	161	125	+29%
● EBIT (HK\$'M)	107	70	+53%
● Net Profit (HK\$'M)	80	54	+48%



Group Turnover by Product Category

(Six Months ended 30th September 2004)



Group Turnover by Market

(Six Months ended 30th September 2004)

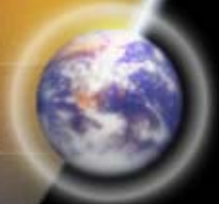
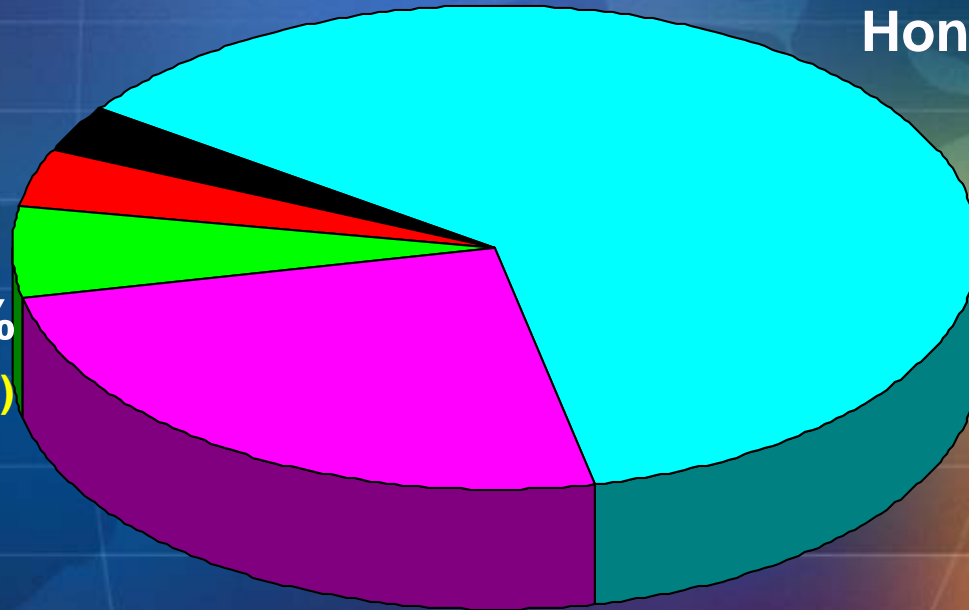
Aust/NZ 6%
(2003: 4%)

Others 2%
(2003: 3%)

Mainland China 6%
(2003: 8%)

North America 20%
(2003: 22%)

Hong Kong 66%
(2003: 63%)



Capital Expenditure Highlights

(Six Months ended 30th September)

	2004 HK\$M	2003 HK\$M
● Capital Expenditure	24	24
● Depreciation	55	55

Financial Position

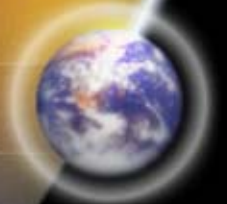
Balance as at
30 Sep 2004 31 Mar 2004
HK\$M HK\$M

● Cash (less all borrowings)	251	270
● Shareholders' Funds	1,212	1,247
● Debt/Equity Ratio	13.6%	14.5%





**MARKET REVIEW
&
OUTLOOK
FOR THE GROUP**



Results Highlights

(Six Months ended 30th September 2004)

- **Group turnover grew 8% (YOY)**
- **Strong investment in advertising and promotion to strengthen our brands and expand our markets**
- **Improved gross and operating margins**
 - **Gross Profit Margin + 2.1%age pts**
 - **EBIT Margin + 1.6%age pts**
- **Improved profitability in all markets**

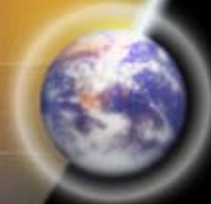




Market Review -- Hong Kong

(Six Months ended 30th September 2004)

- **Strong sales growth of 13.3% (YOY), outperforming the local industry's overall average**
 - Successful new product launches
 - Well-received marketing campaigns
 - Tuck shop expansion with an addition of 47 outlets
- **Segment profit: HK\$100 million**
- **Vitasoy Strategies:**
 - Continue to focus on R&D
 - Step up effort on brand building
 - Take positive steps to contain cost
 - Continue to expand tuck shop business





Market Review -- North America

(Six Months ended 30th September 2004)

- Sales decline of 2.4%
 - Decline in aseptic soymilk sales but healthy growth in Seasoned Tofu
 - Launch of VITASOY COMPLETE
- Segment loss : HK\$17 million
- Vitasoy Strategies:
 - Develop new products that have a proprietary technology and unique value
 - Focus on ways to improve production efficiency and profitability





Market Review -- Mainland China

(Six Months ended 30th September 2004)

- Sales decline of 22.8%
 - A focused strategy of “core business, core brand and core competency”
 - Price increase on returnable glass-bottle products
- Segment profit : HK\$38 million
- Vitasoy Strategies:
 - Reinforce leadership position in soymilk market
 - Continue to improve outlet management and distribution
 - Enhance utilization of production plants





Market Review -- Australia/New Zealand

(Six Months ended 30th September 2004)

- **Strong sales growth of 34.6%**
 - Popularity of VITASOY Rice milk and LUSH Chocolate Soymilk
 - Successful new product launches
- **Segment Profit : HK\$6 million**
- **Vitasoy's Strategies:**
 - Continue to build our brand
 - Launch new products in “value soy beverage” area and flavour innovation
 - Gain market share in Australia and New Zealand



Conclusion

- Pursue opportunities with our focused strategy and strong financial position
 - Expect to see slower growth when compared to strong performance in the post-SARS recovery period
 - Enhance market leadership via brand strengthening with innovative marketing
 - Drive volume growth through product development and innovation
 - Emphasize process improvement and cost management
 - Continue to maximize shareholders' value
- 
- A decorative graphic on the right side of the slide. It features a funnel shape that tapers downwards, filled with a gradient of colors from blue at the top to purple at the bottom. At the bottom of the funnel is a small globe of the Earth.



Thank You!

