



Press Release

Vitasoy Announces Growth of 21% in Net Profit, to HK\$211 million for FY2007/08

***Effective Focused Business Strategy,
Aggressive Product Innovation and Successful
Brand Building Initiatives Reinforced Market Presence***

Financial Highlights

Year ended 31 March			
Results	2008 HK\$Mn	2007 HK\$Mn	% Change
Turnover	2,416	2,109	+15%
Gross Profit	1,131	979	+16%
EBITDA	391	344	+14%
Profit Attributable to Equity Shareholders of the Company	211	174	+21%
Basic Earnings Share (HK cents)	20.9	17.3	+21%
Dividends (HK cents) #	21.5	19.5	10.3%

including a special dividend
Note: In line with the industry practice, the Group began to show its turnover figure on net sales basis (i.e. gross sales less return, rebate and discount) in 2007/08. Comparative figure for 2006/07 was restated accordingly.

Hong Kong, 3 July 2008 — Vitasoy International Holdings Limited ("VIHL" or "the Group") (SEHK Code: 0345), a Hong Kong-based manufacturer and distributor of non-carbonated beverage and food, today announced a promising growth of 21% in the profit attributable to equity shareholders, to HK\$211 million for the financial year ended 31 March 2008. The total net sales revenue of the Group increased by 15% compared to the previous year, to HK\$2,416 million. The basic earnings per share for the year were HK 20.9 cents, up 21% from the previous year's HK 17.3 cents.

Mr. Winston Yau-lai Lo, Executive Chairman of VIHL said, "2007 was another fruitful year for Vitasoy. We achieved sustainable increases in both sales and net profit attributed by aggressive product innovation, effective brand building initiatives, channel development and refocusing our core competencies. Hong Kong, Mainland China, Australia and New Zealand saw satisfactory sales growth in the respective markets and North American operation successfully narrowed the operating loss after re-adjusting the business focus. In April this year, the acquisition of Unicur Food Co. (Private) Limited ("Unicur"), a Singaporean soyfood manufacturer and marketer, represented a strategic move for the Group to grow our business in Singapore. Meanwhile, the Group maintained stringent cost controls to combat the pressure brought by inflation and rising raw materials costs which impacted the growth of operating profit."

During the period, VIHL continued to report an encouraging growth of 16% in gross profit, to HK\$1,131 million. Thanks to the stringent control of cost of sales, the Group's gross profit margin stood at 46%.

The Board of Directors of VIHL proposed the payment of a final dividend of HK8.7 cents per share, which together with the interim dividend of HK2.8 cents per share made a total dividend of HK11.5 cents per share (FY2006/07: HK9.5 cents per share) for the year ended 31 March 2008.

In view of the Group's business performance and strong cash position, the Board of Directors recommended the payment of a special dividend of HK10 cents per share (FY2006/07 special dividend: HK10.0 cents per share).



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Hong Kong

Vitasoy Hong Kong reported an encouraging growth of 5% in net sales revenue in the domestic market, and maintained its market leadership position. Despite increasing pressure from inflation, the operation benefited from the revived local economy and the expansion of the non-carbonated beverage market, and consolidated its market position. Export sales continued to show strong growth with sales surging by 18% .

Vitasoy Hong Kong continued its focus on product innovation in its beverage products and launched a record number of new and seasonal products and flavours to stimulate sales growth. The expanded product portfolio contributed to the strong performance of core products like Ready-To-Drink Tea, Soymilk and Distilled Water.

Last year, the operation made a foray into the dessert and cooking ingredient segment by launching the VITASOY San Sui Tofu range of products and VITASOY Soya Bean Hot Pot Soup. In addition, several new "Less Sweet" and "Low Sugar" products were rolled out to address the needs of health conscious customers .

The operation's tuck shop business conducted through its subsidiary Vitaland Services Limited grew in sales but recorded a drop in profit because of higher operating costs. Vitaland operated 312 shops, which increased by 10, across Hong Kong and continued to command a major share in the market.

"In the coming year, Vitasoy Hong Kong will continue to focus on product innovation, supplemented by aggressive marketing initiatives, to stimulate its business growth, though the sales growth may be at a relatively slower pace, after a buoyant 2007. For example, a new logo and product packaging for VITASOY have been introduced this July to refresh the VITASOY brand and reinforce its market position, which is essential to achieve long-term growth and development of the Group," Mr. Laurence Eisentrager, Group Chief Executive Officer commented.

Mainland China

Vitasoy China operation reported an impressive growth of 59% in net sales revenue thanks to the successful implementation of the "core business, core brand and core city" strategy; systematic investment in brand building; and the results of a long term education program on the benefits of soy. The sales growth in the market was also driven by successful market penetration efforts and increased market presence by expanding into the school retail segment.

" Looking forward, the rising affluence in major cities of Mainland China and higher consumers' health awareness, coupled with our efforts in brand building and soy benefit education, will help to increase sales growth, brand loyalty and market penetration. We will continue to deepen the implementation of our focused strategy to drive both sales growth and market share expansion by broadening the distribution channels and our product ranges, " said Mr. Jack Yuan, Managing Director of Vitasoy China .

Australia and New Zealand

Vitasoy Australia achieved a 28% increase in net sales revenue in spite of the overall Australian soymilk and rice milk markets reported a slight decline, while the market in New Zealand showed modest growth. Backed by the newly completed production capacity expansion at the Wodonga plant, a strong brand equity and product innovation capabilities, the operation pursued a more aggressive business expansion



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plan by rolling out six new products, which helped to increase sales volume and captured a larger market share. In addition, rice milk products reported a very encouraging growth.

"The Australian and New Zealand markets are expected to grow in the forthcoming year, although rising costs and intense price competition will influence our operations. We will continue to leverage our brand equity and put a strong emphasis on product innovation and revamping our product packaging. Furthermore, we will maintain our premium retail shelf pricing strategy and effective promotion strategy so as to cement our position in the premium market." said Mr. Eisentrager.

North America

Last year, Vitasoy USA successfully improved the situation of its North American operation, by increasing its net sales growth 8%, and by narrowing the operating loss by 53%. This was due to the re-adjustment of its business strategy to focus on core competencies, effective financial management, and a cut in operating costs. The successful implementation of the strategy was also reflected in the growth of sales for some of its core products. The operation's distribution channels were further broadened, with expansion into alternate channels such as food service, club stores, and ethnic markets.

"To continue driving our momentum in reviving the operation, we will continue to expand distribution channels and focus on new product growth. Furthermore, we will capitalize our leading market position in the tofu market to drive the growth of the category. We will adopt a stringent cost management policy by enhancing trade spending efficiency, and might consider raising the product price in view of the surging raw materials costs," Mr. Eisentrager commented on the North American business.

Singapore

In April this year, the Group completed the acquisition of Unicurd, which became a wholly-owned subsidiary of the Group. Unicurd manufactures a wide range of tofu products including soy desserts, soymilk, tofu puffs, and other products including noodles and pickles. It is the market leader of packaged tofu in Singapore with an estimated market share of 60%, with an established export business in various markets including Europe, Asia, New Zealand, South Africa and Dubai. The strategic acquisition complements the Group's core competencies in the soy business. In the future, Vitasoy will actively facilitate Unicurd's further development with the Group's extensive global resources, and maintain Unicurd's excellent manufacturing and service standards.

Business Outlook

"Looking ahead, we see the retail environment in Hong Kong, Mainland China, Australia and New Zealand is likely to remain stable, creating opportunities for nutritional beverages like Vitasoy. However, raw material will be a concern. Prices of fuel and major agricultural products have been soaring over the last year as a result of extreme climate, increased demand for usage and speculative activities in the financial markets. Together with rise in labour cost and the fluctuation in foreign exchange, 2008/09 will be a challenging year. In spite of the changing market situation, the Group will continue to leverage our core competencies and brand equity, and maintain our advantages in areas we excel in, including product innovation, so as to drive revenue growth and reinforce our market position in operating markets, and thus create long-term shareholder value," Mr. Lo concluded.

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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.

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