



For Immediate Release

**Vitasoy Announces 20% Growth in Turnover
to HK\$1,425 million for 1H2008**

***Market Growth Achieved by Aggressive Product Development,
Successful Brand Building and Marketing Initiatives***

Financial Highlights

For the six months ended 30th September

Results	Consolidated unaudited income statement for the six months ended 30th September, (excluding one-off provision)			One-off provision		Consolidated unaudited income statement for the six months ended 30th September, (including one-off provision)		
	2008	2007	%	2008	2007	2008	2007	%
	HK\$ Mn	HK\$ Mn		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
Turnover (*)	1,425	1,189	+20%	-	-	1,425	1,189	+20%
Gross profit (*)	646	568	+14%	(9)	-	637	568	+12%
EBITDA	223	199	+12%	(26)	-	197	199	-1%
Profit before taxation	170	147	+16%	(26)	-	144	147	-2%
Profit after taxation	138	119	+16%	(23)	-	115	119	-3%
Profit Attributable to Equity shareholders of the Company	120	105	+14%	(23)	-	97	105	-8%
Basic Earnings per Share (HK cents)	11.8	10.4	+13%	(2.3)	-	9.5	10.4	-9%
Dividend (HK cents)	2.8	2.8	-	-	-	2.8	2.8	-

() In line with industry practice, the Group has begun showing figures on a net sales basis (i.e. gross sales less return, rebate and discount) for the year ended 31st March, 2008. Comparative figures for the 2007/2008 interim have been restated accordingly.*



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Hong Kong, 24th November, 2008 — Vitasoy International Holdings Limited (“VIHL” or “the Company”) and its subsidiaries (together referred to as the “Group”) (SEHK Code:0345), a Hong Kong-based manufacturer, marketer and distributor of non-carbonated beverages and food, today announced its net sales revenue for the six months ended 30th September, 2008 had posted an encouraging year-on-year growth of 20%, to HK\$1,425 million. Profit attributable to equity shareholders of the Company was HK\$97 million, down 8% over the same period last year which was primarily the result of a one-off provision of HK\$26 million (net of tax: HK\$23 million) for Hong Kong employees’ leave pay entitlements over the previous six years as a result of the rulings of recent court cases in Hong Kong in which the Group is not a party. Excluding this provision, profits attributable to equity shareholders of the Company reached HK\$120 million, representing an increase of 14% over the same period last year.

Mr. Winston Yau-lai Lo, Executive Chairman of the Group said, “The Company achieved outstanding growth in net sales revenue for the interim period of 2008 benefiting from a vigorous business strategy which was effective in maintaining growth and further reinforcing our market position in our operating markets. All operating markets, recorded positive growth with the standout being the China market. With the acquisition of Unicurd Food Co. (Private) Limited (“Unicurd”), a Singaporean soyfood manufacturer and marketer in April this year, the Group’s business in the Asia Pacific Region was expanded. Meanwhile, the Group maintained effective cost management to combat the pressures brought about by the rising cost of raw materials.”

During the period, the Group reported a strong growth of 12% year-on-year in gross profit to HK\$637 million. The Group’s gross profit margin stood at 45%, a commendable performance when faced with the cost of growth as well as all time high commodity and energy costs. In addition, the operating loss for the North American operation was successfully narrowed following the adoption of a pragmatic business strategy which focused on core products and competencies.

The Group’s basic earnings per share is HK9.5 cents, representing an 9% drop over the same period of the preceding year. However, if the one-off provision were to be excluded, the Group’s basic earnings per share would have been HK11.8 cents, a growth of 13%. The Board of Directors has proposed an interim dividend of HK2.8 cents per share (2007/2008 interim: HK2.8 cents per share).



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Mainland China

The Mainland China operation reported a robust growth of 60% year-on-year in net sales revenue, thanks to the Group's effective pricing strategy, efforts in distribution channel development, successful implementation of the "core business, core brand and core city" strategy, and the results of a long term education program on the benefits of soy. In the meantime, the Group pursued a market-focused product development strategy with the launch of a domestically manufactured lemon tea, and a locally exclusive product, VITASOY Black Soya Bean Milk. In September, a low-fat, low-cholesterol, low-sweet and calciferous soymilk product was also rolled out in keeping with the Group's philosophy of promoting a healthy diet.

"Looking forward, in spite of the slowdown in GDP growth, we foresee the fundamentals of the economy in Mainland China will remain sound with robust domestic demand. With brand building and promotion of the benefits of soy, together with the implementation of our focused strategy, we believe the growth momentum in sales will be maintained. We will continue to expand the distribution network and launch a broader range of products to stimulate new demand," said Mr. Lo.

Hong Kong

During the period, the Group reported a healthy growth in net sales revenue in the domestic market, representing an increase of 3% over the same period last year despite the lackluster performance, in both value and volume terms, in the overall beverage market caused by the challenges in the operating environment and the abnormal rainy and stormy seasons. Export sales continued to show a robust growth with sales surging by 59% compared to the same period last year.

The Group continued to pursue a proactive product development programme in Hong Kong by introducing 19 new products and flavours with an emphasis on being more healthy and wholesome for consumers.

In June 2008, as part of the marketing campaign, a revamp program on the logo and product packaging of the Group's flagship brand, VITASOY, was launched in Hong Kong to refresh and rejuvenate the brand and to drive long-term sales growth. The programme received a positive response from market.



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The Group's tuck shop business operated by Vitaland Services Limited saw an improvement in profitability as a result of margin protection through effective cost management and a focus on business quality rather than quantity. At the same time, the catering business of Hong Kong Gourmet Limited continued to grow in both sales and profitability by streamlining the production process, developing new recipes and ensuring quality.

"In the 2nd half of the fiscal year, we will concentrate on delivering the benefits of the first half product initiatives as well as leveraging the success of our revamped VITASOY logo and product packaging to consolidate our market position through advertisement and promotions. We will also continue to improve our cost management and operational efficiencies in order to maintain profitability," commented Mr. Larry Eisentrager, Chief Executive Officer of the Group.

Australia and New Zealand

Whilst competition remained fierce in terms of pricing, the Group achieved a 23% year-on-year growth in net sales revenue during the period following a revival in the Australian soy and rice milk markets. Thanks to its continuous efforts in rolling out new products and new pack design, together with the strength of the VITASOY brand, the market share continued to grow at a faster rate than its competitors. Backed by its enhanced production capacity at the Wodonga plant, the Group has launched three new products in Australia and two products in New Zealand over the past few months.

"Under a relatively tougher operating environment, we will maintain a steady pace of growth in the Australian and New Zealand markets by superior consumer understanding. Furthermore, we expect to take a stronger position to drive category growth in the future," said Mr. Eisentrager.

North America

During the reporting period, in addition to narrowing the operating loss, the Group successfully delivered an overall sales growth of 6% year-on-year notwithstanding the challenges posed by significant increases in energy and raw material costs. This was made possible by focusing on our most profitable products as well as maximizing the use of trade promotions.

"The Group will focus on our core competencies, rationalize our product portfolio, enhance distribution channels as well as stringent cost control. In order to further narrow our operating



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losses over the rest of the year, we will continue our ongoing efforts to protect our profit margin and improve trade spending efficiency," Mr. Eisentrager added.



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Singapore

In April this year, the Group completed the acquisition of Unicurd, for a total consideration of S\$14 million, which became a wholly-owned subsidiary of the Group. During the first half of 2008, benefiting from strong growth in the consumption of tofu, the Singaporean market recorded a revenue of HK\$37 million, a growth of 25%. Through strong promotional activities carried out across its key accounts, Unicurd achieved remarkable sales growth and outperformed its competitors. The business also reported outstanding performance in its export business during the period and made improvements in the delivery of stock and inventory control to enhance service quality.

"Besides benefiting from the expected growth of tofu consumption, Unicurd will maintain its sales growth through continuous efforts in consumer communication and product development. Together with improvements in plant production efficiency and output, and the management of our customer service, we expect further growth over the months to come," Mr. Eisentrager commented on the Singaporean business.

Business Outlook

"Looking ahead, dampened income growth and private consumption due to the global financial turmoil will make the remainder of the year increasingly challenging. Under such a tough market environment and intensified competition, we find our core strategies which have successfully guided us throughout the past years particularly relevant. We will strive to maintain growth momentum in sales and profit margin, further reinforce our market position and maximize shareholder value by leveraging our core competencies and brand equity, underscoring our advantages in product innovation, maintaining our marketing initiatives as well as expanding distribution channels. More effective cost controls will also be adopted to maintain profitability. The one-off provision made in the period for leave compensation to employees in Hong Kong will ensure that the financial results of the Group do not have to carry this impact going forward," Mr. Winston 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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