

For Immediate Release

Solid Business Growth through Uncertain Times

Vitasoy Records Healthy Profit Increase for 1H 2009

Financial Highlights

Results	Consolidated results for the six months ended 30 th September (excluding one-off provision)			One-off provision		Consolidated results for the six months ended 30 th September (including one-off provision)			% Change
	2009	2008	% Change	2009	2008	2009	2008	% Change	
	HK\$ Mn	HK\$ Mn		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn		
Turnover	1,561	1,437	9	-	-	1,561	1,437	9	
Gross profit	775	659	18	-	(9)	775	650	19	
EBITDA	259	222	16	-	(25)	259	197	31	
Profit before taxation	207	169	22	-	(25)	207	144	43	
Profit after taxation	165	136	21	-	(21)	165	115	44	
Profit attributable to equity shareholders of the Company	141	118	20	-	(21)	141	97	46	
Basic earnings per Share (HK cents)	13.9	11.6	20	-	-	13.9	9.5	46	
Dividend (HK cents)	3.2	2.8	14	-	-	3.2	2.8	14	

Hong Kong, 19th November 2009 — 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 a solid business growth of 9% in turnover for the six months ended 30th September 2009. The Company posted a turnover of HK\$1,561 million during the period, compared with HK\$1,437 million last year. Gross profit for the period was HK\$775 million, 19% increase from HK\$650 million for the same period last year. Owing to cost reductions in commodities and raw materials and more effective cost management, the gross profit margin stood at 50%, a 4 percentage points improvement from last year.

Mr Winston Yau-lai Lo, Executive Chairman of the Group, said: “Our emphases on brand building and channel penetration have allowed us to maintain our leading position and to enlarge our market share. We rejuvenated our core brands in Hong Kong this half through a series of marketing campaigns, which has contributed to continued growth in business. Mainland China continues to be our main growth driver, as we continue to solidify our position in the south, and

open up new markets in other regions. Our operations in Australia and Singapore reported good sales performance, whilst our focused strategy for the North American operation has helped us return to profit. We believe the long-term investment in our core brands will yield a net positive effect on continuing results.”

Basic earnings per share were HK13.9 cents for the period. The Board of Directors has declared an interim dividend of HK3.2 cents per share (2008/2009 interim: HK2.8 cents per share).

Profit attributable to shareholders was HK\$141 million, an increase of 46% over HK\$97 million in the last interim period. This large increase reflects in part the one-off provision made in the previous period for leave entitlement of Hong Kong employees for the previous five-and-a-half years.

Hong Kong and Macau – Performed within Expectation

Although the Hong Kong operation’s beverage business posted strong results, the Group’s tuck shop business suffered from territory-wide school closures from May to July brought on by the swine flu pandemic. During the interim period, the operation reported total net sales of HK\$737 million, representing a 2% increase over the last interim period. The revitalisation of core brands was the key focus and main driver for growth in this market.

“We launched a series of fun and energetic marketing campaigns including that for VITA Lemon Tea and VITASOY Soymilk, which were well-received and helped boost sales. These advertising campaigns were designed to rejuvenate our core VITASOY and VITA brands through emotional connection with the younger generation,” said Mr Larry Eisentrager, Group Chief Executive Officer of VIHL.

New packaging and a revamp, along with TV commercials for VITA Pure Distilled Water, VITA Lemon Tea, SAN SUI Tofu and VITASOY Soymilk, have allowed the Group reinforce its leadership position in the territory. Export sales experienced a 10% growth over the same period last year. New products such as Low Sugar VITASOY have helped propel growth in the export sales market.

Mainland China – Sustained Robust Growth

Sales grew by an impressive 40% in Mainland China driven by effective brand building and marketing initiatives. “China continues to be our main engine for growth,” said Mr Lo. “Building on our success in the Guangdong market, we are now expanding into the neighbouring provinces of Hunan, Fujian and Guangxi, where we are making market inroads through deeper and wider distribution channels. Food services, breakfast and key accounts are the new channel focus for the southern region, while our operations have been taken to wider markets that include Tier 2 and Tier 3 cities.”

In the Eastern market, an aggressive strategic brand building program has been launched to strengthen the Group’s market presence. The Group is moving ahead with detailed product development designed to address the specific taste profile of Chinese consumers. Several new products, including Black Bean Soymilk, were launched and well-received by the market. More products and marketing campaigns are expected to come out in the next half to increase sales and to expand market share.

Australia and New Zealand – Driving Category Growth

The operation in Australia and New Zealand posted double-digit sales growth. However, due to the steep depreciation of the Australian dollar during this period, net sales became dropping 1% in Hong Kong dollar terms to HK\$158 million. “We are glad to see that the increase in our sales has driven the category growth in the Australian soy and ricemilk categories, of which VITASOY is the primary driver,” said Mr Eisentrager. Expanded distribution through the Group’s joint venture partner has also driven the channel growth.

North America – Turnaround to Positive Contribution

The North American operation experienced a modest decline of 6% in net sales because of a wholesale restructuring and exit from the mainstream soymilk business. “We have managed to come through with a small profit this period, after the losses we’ve suffered in the past few years, The improved bottom line was attributed to a major restructuring in the operation and more focus on our core products,” said Mr Eisentrager. The business continues to be strong in the Asian markets.

“We shall intensify the focus on our core domestic NASOYA and AZUMAYA food businesses, the Asian tofu and our imported beverage business. Our marketing communication strategies have also been restructured to more effectively use of social media on the Web as an advertising tool to reach millions of our consumers. Meanwhile, we shall also improve our distribution avenues to reach our shifting Asian consumer base,” said Mr Eisentrager.

Singapore –Growth in the Wake of Economic Recession

The Singaporean operation experienced a top-line growth of 6% in local currency in the first six months of the fiscal year. “This growth was made possible by an expanded client base and the increase in the supermarket channels. In the coming months, we shall introduce more new products and strengthen our market position,” said Mr Eisentrager.

Business Outlook

“These first-half results are encouraging but we will continue to be mindful of the economic development and its impact on consumer spending and behaviour. On the other hand, commodity prices present concerns to us and we will monitor the trends closely and adjust our purchasing strategy accordingly. On the business front, we will improve our reach to consumers and continue our investment in brand building and manufacturing capacity,” said Mr Lo.

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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.

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