



Press Release

For Immediate Release

Vitasoy Recorded a Steady Sales Growth in 1H2011 Stronger Foundation for Sustainable Future Growth

Financial Highlights

	Six months ended 30 th September		
	<u>2011</u>	<u>2010</u>	<u>%</u>
	<u>HK\$ Mn</u>	<u>HK\$ Mn</u>	<u>Change</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	
Turnover	1,946	1,710	14
Gross profit	948	849	12
EBITDA	295	292	1
Profit before taxation	231	234	(1)
Profit after taxation	178	185	(4)
Profit attributable to equity shareholders of the Company	149	156	(5)
Basic earnings per share (HK cents)	14.6	15.3	(5)
Dividend (HK cents)	3.2	3.2	0

Hong Kong, 23rd November 2011 — 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 a solid growth of 14% in net sales to HK\$1,946 million for the six months ended 30th September 2011. Gross profit was improved by 12% to HK\$948 million, while profit attributable to equity shareholders decreased 5% to HK\$149 million, mainly due to the increased operating expenses and higher tax payment in Hong Kong and Mainland China. Gross profit margin stood at 49%.

“In the first half of FY2011/ 2012, despite the operating environment remained difficult for non-alcoholic beverage industry, we recorded double-digit growth in almost all operations. Our Hong Kong operation maintained its market leadership while the Mainland China business reported a strong sales growth with expanded market presence. The Australian/New Zealand and Singapore operations were successful in driving category growth and sustaining positive growth respectively. However, the North American business was affected by higher freight and fuel costs and recorded an operating loss. During the period, we proceeded with our capacity expansion and upgrade plans in Hong Kong, Mainland China and Australia, which are crucial to our long term growth,” said Mr Winston Yau-lai Lo, Executive Chairman of VIHL.



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Basic earnings per share were HK14.6 cents for the interim period. The Board of Directors of VIHL proposed the payment of an interim dividend of HK3.2 cents per ordinary share (FY2010/11: HK3.2 cents per ordinary share) for the six months ended 30th September 2011.

Hong Kong and Macau – Maintained steady sales growth momentum and market leadership

The Hong Kong operation reported net sales revenue of HK\$832 million, representing a steady growth of 10%. Operating profit increased by 13% year-on-year to HK\$157 million.

During the period, the operation remained its sales growth momentum, attributed to the good weather in summer and timely launch of new products. New beverage products such as VITASOY Low-Sugar Pure Soya bean Extract, VITA Low-Sugar Lemon Tea and new variants of the VITAPOP Iced Tea range were launched before summer.

The export and Macau businesses reported strong sales growth. Driven by enhanced product offerings, tactical pricing and operational efficiency, Vitaland Services Limited posted stable results.

“We will reinforce our leadership position in the aseptic paper-pack category and expand our market presence in other packaging segments. Our Hong Kong operation will continue product innovation programs to drive demand and stringent cost control management,” said Mr Larry Eisentrager, Group Chief Executive Officer of VIHL.

Mainland China – Increased marketing efforts boosted volume growth and expanded market presence

The Mainland China operation continued to pursue the focused strategy and has succeeded in driving growth in sales and market share in southern China and strengthened its foothold in eastern China. Despite the local challenging operating conditions, net sales increased 20% to HK\$600 million. However, the operating profit decreased by 15% to HK\$74 million due to the incurrance of the one-off pre-operation expenses for the new Foshan plant and higher marketing and promotional expenses.

In the first six months, the Mainland China operation focused on brand building and enhancing brand equity through strong marketing campaigns. A new yogurt soy drink targeting at children was launched and received good market response. VITASOY has become the No. 1 brand in ready-to-drink soymilk category in Mainland China.

“Our China operation will focus our strategy on new growth as our new Foshan plant in Guangdong province has been on stream in November in southern China. We will further develop our market leadership position and expand our territorial coverage to neighbouring provinces. We will step up our brand building efforts in eastern China to pave the way for sustainable long-term growth,” said Mr Eisentrager.

Australia and New Zealand – Steered category growth with strengthened business base



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The Australian and New Zealand operation continued to be the major category growth driver and record market leading growth in both value and volume terms. Category growth communications focusing on heart health were launched in July with an aim to acquire new consumers and build long term category growth. A new product VITASOY VITAGO was launched into the on-the-go liquid breakfast segment in September.

The operation reported a growth of 24% in net sales to HK\$260 million benefited from the strong Australian dollars. The operating profit increased 11% to HK\$45 million.

“In the coming months, we will continue our promotional programs for the new product launch. The capacity expansion project in our Australian plant is proceeding and will be concluded in May 2012. The capacity expansion project will enable us to double the current production capacity,” commented Mr Eisentrager.

North America – Increased operating costs impacted profitability

Led by its continued focus on core products including tofu and Asian pasta, the North American operation reported a 4% increase in net sales to HK\$216 million. New products such as NASOYA TOFUPLUS, Vacuum-packed Tofu and Super Hummus showed notable growth. Due to the increase in freight and fuel costs, together with higher manufacturing and repair costs resulting from recent technical production problems, an operating loss of HK\$4 million was recorded, compared to an operating profit of HK\$6 million in the same period last year.

“Backed by brand support, we will intensify our product development on tofu and Asian pasta and wrap while addressing manufacturing performance as well as expansion in the Asian imported beverage and tofu business,” added Mr Eisentrager.

Singapore – Boosted sales growth with focus on brand building and channel distribution

The net sales revenue of Unicurd, the Group’s wholly-owned subsidiary in Singapore, grew by 19% to HK\$37 million, mostly from the favourable impact of the Singapore dollar appreciation. Sales in supermarkets and restaurants are the primary growth drivers. The operating profit increased 29% year-on-year to HK\$3 million.

The focus of the operation is to attain market leadership in Singapore through expanding product portfolio and customer base.

Outlook

“The operating environment in the second half of the year is expected to be tough and challenging, in view of the global economic uncertainties, escalating commodity prices, rising labour and fuel costs and stronger market competition. Looking ahead, we will utilize our upgraded production capacity to further build our brand equity and distribution network to drive sales 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

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