Vitasoy Reported Profitable Growth in FY2015/2016
Driven by Acceleration in Core Business

Hong Kong, 23rd June 2016 — Vitasoy International Holdings Limited (“Vitasoy”) (SEHK Code: 00345) today reports its audited annual results for the year ended 31st March 2016. Vitasoy continued to deliver profitable growth, driven by the acceleration of its core business.

During FY2015/2016, Vitasoy revenue increased 10% to HK$5,552 million. Profit attributable to equity shareholders of the company grew by 43% to HK$531 million. Basic earnings per ordinary share increased 42% to HK50.9 cents for the full year. The Board of Directors (the “Board”) recommends a final dividend of HK26.5 cents per share. Together with the interim dividend of HK3.8 cents per ordinary share, the total dividend for FY2015/2016 will become HK30.3 cents per share (FY2014/2015 total dividend: HK24.4 cents per ordinary share), representing an increase of 24% which is consistent with the growth in profit attributable to equity shareholders (net of recognition of deferred tax assets and divestiture transaction cost). Vitasoy’s gross profit improved by 13%, with gross profit margin further increased to 51%.

Mr. Winston Yau-lai Lo, Executive Chairman of the Vitasoy Group, said at the press conference today, “The strong business results were driven by our consistent three-pronged growth strategy of ‘Execution, Expansion and Innovation’. During the year, we built stronger market share and competitive positions in core markets. The improved profitability is attributable to enhanced manufacturing efficiency as a result of higher volume, favourable commodity prices and a better sales mix.”

Excluding the effect of recognition of deferred tax assets and transaction cost related to the divestiture of the Mainstream and San Sui Businesses in North America, profit attributable to equity shareholders would increase 24% to HK$460 million (FY2014/2015: HK$372 million).

Among Vitasoy’s core markets, Mainland China recorded strong results which were driven by the execution of the “Go Deep Go Wide” strategy. It recorded revenue growth of 25% to HK$2,404 million while operating profit surged by 41% to HK$281 million due to favourable raw material prices and improved manufacturing efficiency.

During the year Vitasoy China further enhanced its operational efficiency in China with the state-of-the-art IT system and completed construction of the new plant in Wuhan, Hubei Province in March this year.

The Hong Kong business, on the other hand, reported a 1% revenue growth to HK$2,070 million amidst a challenging operating environment while profit from operations increased 7% to HK$380 million as a result of increased manufacturing efficiency and favourable commodity costs of raw materials.
Both the Australia/New Zealand and Singapore businesses had promising growth, although the weak Australian dollar has adversely impacted the results reported in Hong Kong dollars with a drop in revenue by 12%.

In FY2015/16, Vitasoy continued to introduce innovative products and products to strengthen its leadership in plant-based nutrition, including the new high-calcium, low-sugar and zero-cholesterol VITASOY HEALTH PLUS in Mainland China and VITASOY GO as a nutritious product in Hong Kong. Vitasoy also launched VITA Yuan Yang and VITA Milk Tea with a stronger tea taste as part of the VITA Hong Kong Style line. In addition, the Australian operation expanded into the almond milk sector with two variants – Original and Unsweetened.

Mr. Winston Lo summed up the year by saying, “We have delivered yet another year of solid growth whilst improving our profitability. Growth was broad based, across core geographies. Looking ahead, we will keep a laser-sharp attention to productivity, efficiency and cost control. We stay focused on building our fundamentals, strengthening our competitive position and our core offerings with Taste, Nutrition and Sustainability and pursue growth through Execution, Expansion and Innovation. We are determined to further develop our strategy and growth model, not only to expand the Vitasoy’s market presence but also generate sustainable long-term returns for our shareholders.”

About Vitasoy

Vitasoy International Holdings Limited is a leading manufacturer and distributor of plant-based food and beverages headquartered in Hong Kong. Since its establishment in 1940 by Dr. Kwee-seong Lo, the Company has been promoting sustainable nutrition through provision of a variety of high-quality products with Nutrition, Taste and Sustainability as the guidelines for its portfolio offerings. The Vitasoy Group integrates social responsibility into its business and contributes to the communities that the Group serves. Currently, the Group has operations in Hong Kong, Mainland China, Australia and Singapore, and its products are available in approximately 40 markets worldwide. Vitasoy is listed on the main board of the Hong Kong Stock Exchange (0345.HK).

Vitasoy website: www.vitasoy.com

For more information, please contact:
Stella Lung
Senior Public Relations Manager
Vitasoy International Holdings Limited
Tel: 2468 9644
Fax: 2465 1008
E-mail: publicrelations@vitasoy.com

Angela Hui
Associate Director
Edelman
Tel: 2837 4721
Fax: 2804 1303
E-mail: angela.hui@edelman.com
Summary

Financial Highlights

<table>
<thead>
<tr>
<th>Year ended 31st March</th>
<th>2015/16 HK$ Mn</th>
<th>2014/15 HK$ Mn</th>
<th>Change %</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>5,552</td>
<td>5,052</td>
<td>10</td>
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<tr>
<td>Gross profit</td>
<td>2,826</td>
<td>2,511</td>
<td>13</td>
</tr>
<tr>
<td>EBITDA (Earnings before interest income, finance costs, income tax, depreciation and amortisation)</td>
<td>812</td>
<td>725</td>
<td>12</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>599</td>
<td>524</td>
<td>14</td>
</tr>
<tr>
<td>Profit attributable to equity shareholders of the Company</td>
<td>531</td>
<td>372</td>
<td>43</td>
</tr>
<tr>
<td>Profit attributable to equity shareholders of the Company (Net of deferred tax assets and transaction cost related to the divestiture of the Mainstream Business and San Sui Business in North America)</td>
<td>460</td>
<td>372</td>
<td>24</td>
</tr>
<tr>
<td>Basic earnings per ordinary share (HK cents)</td>
<td>50.9</td>
<td>35.9</td>
<td>42</td>
</tr>
<tr>
<td>Interim dividend per share (HK cents)</td>
<td>3.8</td>
<td>3.2</td>
<td>19</td>
</tr>
<tr>
<td>Final dividend per share (HK cents)</td>
<td>26.5</td>
<td>21.2</td>
<td>25</td>
</tr>
<tr>
<td>Total dividend per share (HK cents)</td>
<td>30.3</td>
<td>24.4</td>
<td>24</td>
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Business Review

Mainland China – Sustained strong sales and profit growth whilst enhancing capability and infrastructure for the future

Vitasoy China recorded strong results, driven by the execution of the “Go Deep Go Wide” strategy. It recorded revenue growth of 25%, rising to HK$2,404 million in FY2015/2016. Operating profit surged by 41% to HK$281 million, due to favourable raw material prices and improved manufacturing efficiency.

During the year, Vitasoy China enriched the soymilk range with the new VITASOY HEALTH PLUS, which contains high calcium, low sugar and zero cholesterol.

Vitasoy also upgraded its infrastructure and introduced a state-of-the-art IT system to enhance operational efficiency, synergies and collaboration. The construction of the new Wuhan plant was completed in March 2016.
Vitasoy China will continue its ‘Go Deep Go Wide’ strategy and the new Wuhan plant will support Vitasoy China’s further development and business growth. The operation will continue to innovate its product offerings and grow the VITASOY platform with the newly-launched VITASOY HEALTH PLUS.

**Hong Kong, Macau and Exports –
Solid profit growth with strong execution and innovation**

Vitasoy Hong Kong reported 1% growth in its revenue to HK$2,070 million amidst a challenging operational environment. Profit from operations increased 7% to HK$380 million, attributable to the higher gross profit generated from increased manufacturing efficiency and favourable commodity costs of raw materials.

In addition to disciplined execution, Vitasoy Hong Kong has focused on developing its core categories by adding new and innovative products. In the Soy category, it created a new product range, VITASOY GO, which provides consumers with a convenient way to enjoy a nutritious product. In the Tea category, Vitasoy launched VITA Yuan Yang and VITA Milk Tea with a stronger tea taste as part of its VITA Hong Kong Style line. Vitasoy will continue to innovate in its core categories and further strengthen its market leadership. Meanwhile, Vitasoy Hong Kong will enhance its operational efficiency to overcome the challenges of high wages and a shortage in labour supply.

**Australia and New Zealand –
Modest growth with strong market position**

The Vitasoy business in Australia and New Zealand grew ahead of the market average in terms of value and volume. In terms of local currency, the revenue and operating profit recorded increases of 3% and 17% respectively. However, the weak Australian dollar has adversely impacted the results reported in Hong Kong dollars. The revenue reported a drop of 12% to HK$420 million and the operating profit stood at HK$84 million, which was same as the previous financial year.

During the year, Vitasoy Australia continued to support its plant milk portfolio with a new campaign, which highlighted its Australian-grown soy products. In addition, the Australian operation expanded into the almond milk sector with two variants – Original and Unsweetened.

Looking ahead, Vitasoy expects the plant milk market would grow beyond soy-based drinks as consumers become more health conscious and look for functional attributes of plant milk. Vitasoy Australia will continue to invest in its full portfolio with the recent launches into the segments of Coconut Milk and Almond Milk.
Singapore –
Expanded market share with accelerated trade activation

Unicurrd, Vitasoy’s wholly-owned subsidiary in Singapore, reported a 23% increase in its revenue, including the business of imported beverages, to HK$106 million. The operating profit increased by 38% to HK$11 million.

During the year, the Singapore team began to handle the business of imported VITASOY beverages, in order to better execute it in the market and also integrate the beverage business with the tofu category. The new VITASOY Premium Organic Tofu products were well-received by the market. The Singapore operation invested in marketing activities with dedicated channel promotions and consumer sampling activities and strengthened its #1 market share position in tofu category.

The operation will drive sales growth through store excellence and by scaling up VITASOY brand equity. It will also explore different means to improve operational efficiency and profitability, in order to ease the pressure of labour shortage.

North America –
Completion of strategic review and divestiture of Mainstream Business and San Sui Business

During the year, Vitasoy USA recorded a revenue growth of 6% to HK$552 million, with strong performance in total Tofu sales and expanded share in the Mainstream Tofu market. The imported beverage business continued its dominant market position in Asian Channel.

Following a strategic review of the North American business, the Board concluded that the divestiture of the Mainstream Business and San Sui Business in North America would enable Vitasoy to focus on accelerating the growth of its core business, and support further expansion into other markets. In March 2016, Vitasoy entered into an Asset Purchase Agreement with Pulmuone Foods Group, a leading food manufacturer in South Korea, to sell certain assets of the North American business that related to the Mainstream Business and San Sui Business in North America.

Higher manufacturing costs and the cost associated with the divestiture of assets related to the Mainstream Business and San Sui business in North America have negatively impacted the profitability of the operation, resulting in a net operating loss of HK$33 million. Excluding the divestiture transaction cost, the loss from the North American operation would be HK$17 million.

After the divestiture of Mainstream Business and San Sui Business, Vitasoy USA will focus on driving the sales growth of its imported beverage business in Asian Channel.

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