

For Immediate Release

**Vitasoy delivered strong performance on both top line and bottom line,
driven by acceleration in its core business in core geographies**

Financial Highlights

	Six months ended 30 th September		Change
	2014/15	2013/14	
	HK\$ Mn	HK\$ Mn	%
Turnover	2,729	2,326	17
Gross profit	1,353	1,118	21
EBITDA	412	364	13
(Earnings before interest income, finance costs, income tax, depreciation and amortisation)			
Profit before taxation	313	265	18
Profit after taxation	245	202	21
Profit attributable to equity shareholders of the Company	222	182	22
Basic earnings per ordinary share (HK cents)	21.4	17.7	21
Interim dividend per share (HK cents)	3.2	3.2	-

Hong Kong, 26th November 2014 — Vitasoy International Holdings Limited (“VIHL” or “the Group”) (SEHK Code:0345), a Hong Kong-based manufacturer and distributor of plant based beverages and food, today announced its interim results for the six months ended 30th September 2014.

VIHL has recorded strong performance in the first half of FY2014/2015, with net sales increased 17% year-on-year to HK\$2,729 million, and gross profit up 21% year-on-year to HK\$1,353 million. Gross profit margin has further improved to 50%, due to better and more profitable product mix, volume-driven manufacturing efficiency, and favourable trend of commodity prices. Profit attributable to equity shareholders has amounted to HK\$222 million, a 22% increase from a year ago.

“In the first half of FY2014/2015, we continued to accelerate our core which drives our overall business growth in sales and profitability, whilst increasing investment in brand equity and capital infrastructure.” said Mr Winston Yau-lai Lo, Executive Chairman of VIHL.

“The interim results are ahead of our target and the growth is broad based, across core geographies and categories. We recorded a strong business growth in our core markets Hong Kong and Mainland China and our core categories of Soymilk and Tea. Execution, Expansion and Innovation are delivering results. At the same time, we continue to invest for our business growth and embarked on a second wave of investment to expand our production capacity.”

Basic earnings per ordinary share have increased 21% to HK21.4 cents for the interim period. The Board of Directors has declared an interim dividend of HK3.2 cents per ordinary share

(2013/2014 interim dividend: HK3.2 cents per ordinary share) for the six months ended 30th September 2014.

Business Review

Hong Kong and Macau – Double digit growth behind disciplined execution and innovation

The operation has recorded an encouraging net sales growth of 11% to HK\$1,038 million, outperforming the growth of the local non-alcoholic beverage industry in both value and volume. However, the operation faced challenges in higher transportation and warehousing costs influencing the operating profit which registered an increase of 5% to HK\$174 million,

Mr Roberto Guidetti, Vitasoy Group Chief Executive Officer, said, “In the first half, we continued our core innovation and core execution. In the Soy category, the new Aseptic PET VITASOY soymilk has been well received and further captured the on-the-go opportunity, while VITA Hong Kong Style Milk Tea launched in June has been gaining popularity in the local market. We continued to invest in brand equity to maintain our leading market position in our core categories.”

Strong market execution enabled the Group’s Macau business to deliver encouraging performance, while its export business has recorded good growth with the opening of new markets. A steady sales improvement for our tuck shop business due to shop increases with a better and more profitable school mix, improving school renewal rate and quality services.

“We will drive consistently in the second half of the fiscal year. Our sales and marketing efforts will focus on core brands and further strengthen our brand equities with product innovations. We have built on our Singapore operation’s success and experience in tofu and bring the new SAN SUI Hard Tofu to Hong Kong. The new product was launched in September to provide consumers with more choices for cooking. At the same time, we will also continue to enhance operational efficiency to protect our margin, and deliver profitable growth for the remainder of the year,” said Mr Guidetti.

Mainland China – Strongly accelerating growth in both top and bottom line

Vitasoy China has recorded a sales increase of 35% to HK\$1,142 million and operating profit rise of 34% to HK\$155 million. The strong business performance was driven by the continued and disciplined implementation of the “Go Deep and Go Wide” strategy for the core portfolio,

During the interim period, the operation drove deeper penetration in Southern and Eastern China markets, as well as territorial expansion into Fujian and Hubei. With the rapid growth in Mainland China, especially in the central region, the Group has entered into a Memorandum of Understanding with the Wuhan government in September to construct the Group’s fourth plant in Mainland China, which is expected to commence production in 2016.

Mr Guidetti said, “In the first half of FY2014/2015, we accelerated our VITASOY brand with strong execution of its fundamentals, driving growth across channel and packages. We also have just launched for the first time a whole new VITASOY line up in Mainland China – VITASOY VITALITY, a new premium line complementing VITASOY Classic, and tailored specifically to Chinese shopper needs and evolving lifestyle. VITASOY VITALITY leverages the superior VITASOY category expertise into a new product platform with higher protein and calcium but lower sugar and no cholesterol.”

VITA Lemon Tea continued to receive positive feedback as the Group expanded into more stores.

“We will continue to drive business growth through our ‘Go Deep Go Wide’ strategy and invest in brand equity with integrated marketing plan including trial and in-store execution. To support growth, we will expand the operational capabilities of our production bases in Mainland China.”

Australia and New Zealand – Modest top line growth, very strong bottom line

The Australia and New Zealand operation has reported a solid first half in FY2014/2015 with net sales of HK\$253 million, a slight drop of 1% year-on-year (increase 1% in local currency), while the operating profit grew 18% (increase 20% in local currency) to HK\$47 million with improved manufacturing efficiency and savings in utility costs. The weakened Australian dollar has adversely impacted both sales and profit when reported in Hong Kong dollar terms.

During the period, the Australian business has maintained its market leadership position in Soy. The VITASOY Core range restaging and the related TV-led integrated campaign have been well-received. VITASOY CAFÉ FOR BARISTAS has continued to grow strongly in the Coffee Store Channel, and has added a new Organic version in its product range. Vitasoy Australia has recently launched its first Coconut Milk and a new Almond Blends lines to better compete in the plant-based segments beyond Soy.

“We are positive on our potential given our strong and growing position in existing segments and product innovation in emerging segments of the Plant Milk market,” said Mr Guidetti. “We will continue to provide our consumers with broad offering of products and maintain a stable manufacturing environment to deliver efficiency and benefits that will help drive profitability.”

North America – Strong Asian business, disappointing Mainstream Tofu

The Vitasoy USA operation has recorded a sales growth of 4% to HK\$253 million for the first half of the year. The overall result was driven by two different performances in the Asia and Mainstream Channels. In Asian Channel, our new Refrigerated VITASOY soymilk has gained positive feedback from retailers and consumers and delivered incremental growth as targeted. However, the Mainstream business has performed under expectation with flat sales revenue, despite introducing a new ready-to-eat NASOYA BakedTofu. The softness in Mainstream revenue was aggravated by the launch marketing investment, unfavourable product category mix, in the context of macro higher transportation and utility costs, thus generating an operating loss of HK\$5 million.

“Going forward, we will focus on the Mainstream bottom line to secure profitability this year whilst in the Asian channel, we will continue to drive both our core and the new Refrigerated VITASOY,” said Mr Guidetti.

Singapore – Strong local sales growth, offset by loss in Export sales

Unicur, the Group’s wholly-owned subsidiary in Singapore, has recorded a sales growth of 2% to HK\$43 million, but has experienced a drop of 9% in operating profit to HK\$3.9 million. The operation has recorded strong domestic sales, UNICURD has become the No. 1 brand in the local Tofu category behind strong performance of UNICURD and the launch of a new VITASOY Premium Tofu. During the period, the operation has also launched new VITASOY Chilled for on premise customers. Despite improved cost control and manufacturing efficiency in local business, the reduction in export business has impacted profitability.

Mr Guidetti said, “Unicur will continue to scale up to expand the VITASOY franchise and drive domestic sales by combining base products with the new VITASOY Premium Tofu and VITASOY Chilled. We will capitalise on our facility enhancements and continue our efforts in plant efficiency, as well as manage manufacturing costs to drive profitability.”

Outlook

“Looking ahead to the second half of FY2014/2015, we will continue to stay focused on executing our strategies. We are confident that market tailwinds, our Group’s unique competitive strengths and our focus on accelerating our cores via Execution, Expansion and Innovation will continue to drive our growth in line with our internal target trajectory,” said Mr Lo.

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About Vitasoy

Vitasoy International Holdings Limited (0345.HK) 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, Vitasoy has been promoting sustainable nutrition through provision of a variety of high-quality products. With Taste, Nutrition and Sustainability as the guidelines of our portfolio offerings, we integrate our business into socially responsible activities and contribute to the communities that we serve. Currently, the Group’s brands and products are available in more than 40 markets worldwide and supplied by 8 manufacturing facilities in Hong Kong, Mainland China, Australia, the United States and Singapore. The Company is listed on the main board of the Hong Kong Stock Exchange. Vitasoy website: www.vitasoy.com

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