維他奶國際集團有限公司
VITASOY INTERNATIONAL HOLDINGS LTD.

(Incorporated in Hong Kong with limited liability)

(Stock code: 345)

ANNOUNCEMENT OF RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2007

HIGHLIGHTS

- The Group's half year turnover reached HK$1,514 million, up by 14.2%.
- Profit attributable to shareholders was HK$105 million, improved by 5.0%.
- Sales revenue generated from Mainland China and Australian markets surged conspicuously by 68.5% and 28.1% respectively.
- The Group has made much headway towards the goal of improving the performance of the North American operation by drastically narrowing its operating loss by 41.2%.
- In Hong Kong, we pursued a vigorous product innovation strategy and launched a series of new products. The number of new products launched during the interim period was more than doubled that of Fiscal 2006/2007.
- In the interim period, the Group adopted an aggressive brand building and reinforcement strategy to sustain the vitality of the brands and ensure long-term growth and profitability.
- In view of the Group's strong financial position and satisfactory operating performance, the Board of Directors has declared an interim dividend of HK2.8 cents per ordinary share to be payable on 28th December, 2007.

RESULTS

The Board of Directors of Vitasoy International Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2007 are as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30th September,		
	2007	2006	
	HK$ million	HK$ million	Change
Results	**(Unaudited)**	(Unaudited)	%
Turnover	**1,514**	1,326	+14.2
Gross Profit	**894**	779	+14.8
EBITDA	**199**	183	+8.7
EBIT	**142**	129	+10.1
Profit Attributable to Equity Shareholders of the Company	**105**	100	+5.0
Basic Earnings per Share (HK cents)	**10.4**	9.9	+5.1
Interim Dividend per Share (HK cents)	**2.8**	2.8	-

CONSOLIDATED INCOME STATEMENT - UNAUDITED
For the six months ended 30th September, 2007 *(Expressed in Hong Kong dollars)*

	Note	**Six months ended 30th September, 2007 $'000**	2006 $'000
Turnover	3, 4	**1,514,484**	1,325,683
Cost of sales		**(620,551)**	(546,272)
Gross profit		**893,933**	779,411
Other revenue		**38,124**	30,529
Marketing, selling and distribution expenses		**(602,155)**	(515,192)
Administrative expenses		**(90,320)**	(81,831)
Other operating expenses		**(88,448)**	(75,115)
Profit from operations	4	**151,134**	137,802
Finance costs	5	**(4,103)**	(3,475)
Profit before taxation	5	**147,031**	134,327
Income tax	6	**(28,460)**	(17,803)
Profit for the period		**118,571**	116,524
Attributable to:			
Equity shareholders of the Company		**104,759**	100,009
Minority interests		**13,812**	16,515
Profit for the period		**118,571**	116,524
Dividend			
Interim dividend declared after the balance sheet date	7	**28,300**	28,197
Earnings per share	8		
Basic		**10.4 cents**	9.9 cents
Diluted		**10.3 cents**	9.9 cents

CONSOLIDATED BALANCE SHEET - UNAUDITED

At 30th September, 2007 *(Expressed in Hong Kong dollars)*

		At 30th September, 2007		At 31st March, 2007	
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets					
- Property, plant and equipment			**745,465**		749,306
- Investment property			**9,615**		9,878
- Interests in leasehold land held for own use under operating leases			**6,998**		5,388
			762,078		764,572
Employee retirement benefit assets			**2,775**		2,220
Deferred tax assets			**6,839**		6,374
Other financial asset			**-**		14,347
			771,692		787,513
Current assets					
Inventories		**234,705**		212,298	
Trade and other receivables	9	**507,755**		392,910	
Other financial asset		**14,667**		-	
Bank deposits		**47,591**		23,984	
Cash and cash equivalents		**338,781**		461,726	
		1,143,499		1,090,918	
Current liabilities					
Trade and other payables	10	**451,388**		379,533	
Bank loans		**20,726**		27,005	
Obligations under finance leases		**6,278**		7,533	
Current tax payable		**23,869**		7,361	
		502,261		421,432	
Net current assets			**641,238**		669,486
Total assets less current liabilities			**1,412,930**		1,456,999
Non-current liabilities					
Bank loans		**55,268**		69,960	
Obligations under finance leases		**33,607**		27,773	
Employee retirement benefit liabilities		**2,069**		2,418	
Deferred tax liabilities		**11,891**		11,360	
			102,835		111,511
NET ASSETS			**1,310,095**		1,345,488
CAPITAL AND RESERVES					
Share capital			**252,646**		251,759
Reserves			**954,924**		1,002,602
Total equity attributable to equity shareholders of the Company			**1,207,570**		1,254,361
Minority interests			**102,525**		91,127
TOTAL EQUITY			**1,310,095**		1,345,488

Notes:
(Expressed in Hong Kong dollars)

1. Independent review

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's review report to the Board of Directors is included in the interim report to be sent to shareholders. In addition, the interim financial report has been reviewed by the Company's Audit Committee.

2. Principal accounting policies

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the HKICPA.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006/2007 annual financial statements.

3. Turnover

The principal activities of the Group are the manufacture and sale of food and beverages. Turnover represents the gross sales value less returns, to third parties.

4. Segmental information

The analysis of the asset-based geographical location of the operations of the Group during the period is as follows:

	Six months ended 30th September,			
	Group turnover		**Profit from operations**	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Hong Kong	**826,795**	732,506	**108,367**	106,879
Mainland China	**349,990**	287,343	**50,219**	44,551
Australia	**152,281**	118,390	**23,397**	20,128
North America	**185,418**	187,444	**(9,674)**	(16,731)
	1,514,484	1,325,683	**172,309**	154,827
Unallocated	**-**	-	**(21,175)**	(17,025)
	1,514,484	1,325,683	**151,134**	137,802

Asset-based segment reporting is in line with the Group's internal management information reporting system. No business segment analysis of the Group is presented as all the Group's turnover and trading result are generated from the manufacture and sale of food and beverages.

Turnover by location of customers is as follows:

	Six months ended 30th September, 2007 $'000	2006 $'000
Hong Kong	**874,178**	814,353
Mainland China	**209,013**	124,314
Australia	**154,768**	120,812
North America	**223,087**	221,659
Others	**53,438**	44,545
	1,514,484	1,325,683

5. Profit before taxation

Profit before taxation is arrived at after charging / (crediting):

	Six months ended 30th September, 2007 $'000	2006 $'000
(a) Finance costs:		
Interest on bank loans	**2,868**	3,329
Finance charges on obligations under finance leases	**1,235**	146
	4,103	3,475
(b) Other items:		
Interest income	**(9,244)**	(9,199)
Depreciation of property, plant and equipment	**57,086**	53,865
Depreciation of investment property	**263**	263
Amortisation of interests in leasehold land held for own use under operating leases	**256**	109
Cost of inventories	**666,955**	593,174

6. Income tax

	Six months ended 30th September, 2007 $'000	2006 $'000
Current tax – Hong Kong Profits Tax	**18,223**	18,725
Current tax – Outside Hong Kong	**10,028**	3,225
Deferred tax – Origination and reversal of temporary differences	**209**	(4,147)
	28,460	17,803

The provision for Hong Kong Profits Tax is calculated at 17.5% (six months ended 30th September, 2006: 17.5%) of the estimated assessable profits for the period. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

7. Dividends

(a) Dividend attributable to the interim period

	Six months ended 30th September,	
	2007	2006
	$'000	$'000
Interim dividend declared after the interim period end of 2.8 cents per ordinary share (2006: 2.8 cents per ordinary share)	**28,300**	28,197

The interim dividend declared after the interim period end has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30th September,	
	2007	2006
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 6.7 cents per ordinary share (2006: 6.7 cents per ordinary share)	**67,706**	67,404
Special dividend in respect of the previous financial year, approved and paid during the interim period, of 10.0 cents per ordinary share (2006: 10.0 cents per ordinary share)	**101,054**	100,603
	168,760	168,007

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $104,759,000 (six months ended 30th September, 2006: $100,009,000) and the weighted average number of 1,009,441,000 ordinary shares (2006: 1,005,207,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30th September,	
	2007	2006
	Number of ordinary shares	Number of ordinary shares
	'000	'000
Issued ordinary shares at 1st April	**1,007,036**	1,003,288
Effect of share options exercised	**2,405**	1,919
Weighted average number of ordinary shares for the period	**1,009,441**	1,005,207

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of $104,759,000 (six months ended 30th September, 2006: $100,009,000) and the weighted average number of 1,016,681,000 ordinary shares (2006: 1,011,901,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30th September,	
	2007	2006
	Number of ordinary shares	Number of ordinary shares
	'000	'000
Weighted average number of ordinary shares for the period	**1,009,441**	1,005,207
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**7,240**	6,694
Weighted average number of ordinary shares (diluted) for the period	**1,016,681**	1,011,901

9. Trade and other receivables

Included in trade and other receivables are trade debtors and bills receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 30th September, 2007	At 31st March, 2007
	$'000	$'000
By date of invoice		
0 – 3 months	**397,464**	293,623
4 – 6 months	**59,990**	56,351
Over 6 months	**599**	60
	458,053	350,034

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit terms given to the customers vary and are generally based on the financial strength of the individual customer. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

10. Trade and other payables

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	At 30th September, 2007	At 31st March, 2007
	$'000	$'000
By date of invoice		
0 – 3 months	**223,207**	175,410
4 – 6 months	**4,386**	1,583
Over 6 months	**3,567**	2,700
	231,160	179,693

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.8 cents per ordinary share for the year ending 31st March, 2008 (2007: HK2.8 cents per ordinary share), to shareholders whose names appear on the Register of Members at the close of business on Thursday, 13th December, 2007. Dividend warrants will be sent to shareholders on or about Friday, 28th December, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Friday, 14th December, 2007, during which no transfers of shares will be effected. To determine entitlement to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 13th December, 2007.

MANAGEMENT REPORT

BUSINESS REVIEW

Hong Kong

In the period under review, revenue generated from Hong Kong domestic market was HK$874 million, an increase of 7.4% from the corresponding period last year. In view of the growth momentum built up in the recent past, significant investment in brand building and product innovation was made in order to sustain the vitality of the brands and ensure long-term growth and profitability. As a result, the segment result increased moderately by 0.9% to HK$108 million.

Hong Kong's economic upturn continued into the first half of the current fiscal year, leading to general income growth and higher consumer spending. For the Group, owing to the very hot weather conditions in the summer months, all business segments enjoyed healthy growth, especially the on-the-go market. Besides our core products such as soymilk, tea and juice drinks, the water business also experienced satisfactory sales growth through an improved selling strategy and in view of market consolidation.

During the period under review, the Group pursued a vigorous product innovation strategy through which the number of new products launched during the interim period more than doubled that of full Fiscal 2006/2007. These newly-launched products include VITASOY SAN SUI Tofu, VITASOY Jasmine Soya Bean Milk, reformulated VITASOY Chocolate Soya Bean Milk, VITA Double Chocolate Milk and VITA Less Sweet Lemon Tea. The launching of these products was supported by aggressive television advertising campaigns and effective promotion programmes which received very encouraging feedback. The Group's brand building effort was also duly recognised. VITASOY/ VITA was the winner of the food category in the "Hong Kong Proud Corporate Brand 2007 – Panel Judge Awards" jointly organised by the Chinese University of Hong Kong and Ming Pao Daily.

With the benefit of a well established infrastructure of over 300 school customer bases, our tuck shop business operated by Vitaland Services Limited remained the market leader in the sector and moved on to cultivate the school channel steadily and build customer loyalty among the teenage group. Our catering business operated by Hong Kong Gourmet Limited also continued to expand and deliver satisfactory results.

The export sales of the Group's Hong Kong operation grew by 17.8% versus the same period last year. Owing to the strong demand spurred by domestic consumption and tourism, our exports to Macau posted a year-on-year growth of 17.1%. Sales in Singapore also recorded an impressive growth of 31.0% after the change of distributor in the second half of Fiscal 2006/2007.

Mainland China

In the first six months of Fiscal 2007/2008, our Mainland China operation contributed HK$209 million to the Group's total revenue, an increase of 68.5% over the same period last year. The segment result for the period was HK$50 million, up 11.1%.

Mainland China has been the fastest growing market for the Group this year in view of its high Gross Domestic Product (GDP) growth and the increasing health awareness of urban consumers. Despite intense market competition, the Group still maintained its leading position in the soymilk category by offering premium products at premium prices.

Our focused strategy of "core business, core brand and core city" proved to be very successful. During the period under review, the Group invested significantly in brand building in Mainland China in order to drive sales and further solidify its market position. This, coupled with our strong distribution infrastructure established in Southern China, generated superb results. Both Southern and Eastern China recorded phenomenal sales growth. Products introduced under Closer Economic Partnership Arrangement (CEPA) continued to perform well and acted as one of the drivers for sales growth. At the same time, Eastern China also saw encouraging growth as we strove to apply our successful experience in Southern China to the eastern provinces and as the soy benefit message and the VITASOY brand began to sink in among consumers in cities targeted by us. The co-packing business continued to play a major part in enhancing capacity utilisation and profitability in Mainland China.

Australia

The Group's revenue generated from Australian market was HK$155 million, an increase of 28.1% versus the same period last year. Because of the continued rise in productivity and sales, operating profit derived from the Australian subsidiary was HK$23 million, representing a robust growth of 15.0% year-on-year.

In the first half of Fiscal 2007/2008, the Australian soymilk and rice milk markets remained flat while the New Zealand grocery soymilk and rice milk markets saw some moderate growth. Notwithstanding such market environment, Vitasoy Australia managed to achieve impressive operating results during this period. This could be attributed to our strenuous effort in promoting existing products to capture a bigger market share and the robust brand position, as well as the appreciation of the Australian Dollar.

With the completion of its capacity expansion project, Vitasoy Australia was able to pursue a more aggressive growth and expansion strategy. Apart from actively driving the sales of existing products, Vitasoy Australia also launched a total of six new products in September 2007, the performance of which should be more fully reflected in the second half results of Fiscal 2007/2008.

North America

In the first half of Fiscal 2007/2008, the Group's North American market generated HK$223 million in revenue, a slight increase of 0.5% from the same period last year. In accordance with our strategy, operating loss was substantially reduced during this period, falling by 41.2% versus the first half of last year or 68.8% versus the second half of last year to HK$10 million.

The operating environment in North America was challenging as the aseptic soymilk and tofu markets remained soft.

After the discontinuation of sauces and dressings in the second half of Fiscal 2006/2007, the Group's North American operation re-adjusted its business strategy to focus on core products so as to cater to consumers' increasing preference for healthier and more convenient food products. In the review period, sales by product were mixed. Tofu, imported products and pasta recorded satisfactory growth. The sales of aseptic soymilk, on the other hand, decreased. The discontinuation of sauces and dressings also had certain impact on sales revenue. During this period, price revision on certain products was initiated, the result of which should be more evident in the second half of the year.

GENERAL OUTLOOK

Moving forward, we expect the operating environment to remain largely favourable in our major markets, particularly the high-growth markets, namely, Mainland China and Australia, as well as our biggest market – Hong Kong. At the same time, we are also mindful of the challenges that exist to various extents in these and other markets, including intensifying competition, inflationary pressure and the rise of raw material costs. To cope with these challenges, we will take advantage of the Group's core competencies and focus on areas we excel in. We will continue to invest in brand building and reinforcement, especially in Hong Kong and Mainland China, in order to drive revenue growth and gain larger market shares. At the same time, we will also seek out and consider any new opportunities for expansion that can enhance the Group's long-term value to shareholders.

In Hong Kong, we will continue to promote our core products and newly-launched items to ensure steady sales growth. We are aware that a major challenge for us is cost management as raw material prices are escalating while other inflationary pressures are also increasing. We will monitor these developments closely and take appropriate measures accordingly to minimise any adverse impact on our profit. We are pleased that in view of the economic upturn, it appears that the reduction of promotional discount is possible which should translate into effective price increases for us. In this regard, we will plan our promotional policy carefully and take additional margin where we can.

Mainland China will obviously remain a high-growth market for us. The Group will continue to pursue its "core business, core brand, core city" strategy. In this connection, we will devote more resources to brand building and consumer education to fortify our premium position in the high-end market. To maximise return, we will strengthen our distribution network by adopting a "go deep and go wide" strategy. At the same time, we will further expand our product portfolio by launching more new products in the coming months. In short, we will continue to replicate the success model of Southern China in Eastern China and other regions.

We are cautiously optimistic about the operating environment in Australia although the market has entered a period of slow growth and there have been signs of price competition recently as some market players have resorted to cutting their prices drastically. As one of the leading brands in soymilk products, the Group's strategy is to maintain its premium retail shelf prices and continue with its current promotion strategy to drive both volume consumption and consumer trial. We will actively launch new products, explore other distribution channels and enter new market segments. In conjunction with product innovation, we will keep on reinforcing our brand as "the soy expert".

In North America, despite the challenging market conditions, we believe there is still opportunity for growth. In the coming months, we will adopt a three-pronged strategy to further reduce operating loss. First, we will launch single-serve shelf-stable soymilk, which is meant to position us as a key force in the food service and club store channels. Secondly, we will fortify our leading position in the tofu segment. Thirdly, we will further develop the ethnic market by increasing our marketing effort and introducing more premium products. These, together with other initiatives such as cost rationalisation and price revision of selected products, should enable us to further narrow our operating loss and hopefully lay the groundwork for better operating performance in the coming years.

FINANCIAL REVIEW

Net cash generated from operating activities of HK$128 million was 9.4% higher than last year primarily because of the increase in operating profit. After the payment of special dividend in September 2007, the Group still maintained a healthy net bank position of HK$285 million. Undrawn bank facilities available to the Group totalled HK$291 million.

The total external borrowings as at 30th September, 2007 amounted to HK$116 million (31st March, 2007: HK$132 million). The amount of borrowings denominated in United States Dollar and Australian Dollar were the equivalents of HK$19 million and HK$97 million respectively. The maturity profile of the borrowings is spread over a period of nine years, with HK$27 million repayable in the first year, HK$62 million repayable in the second year and HK$27 million in the remaining years. At interim balance sheet date, the Group's gearing ratio remained low at 9.6% (31st March, 2007: 10.5%), calculated on the basis of the Group's total borrowings over total equity attributable to equity shareholders of the Company.

With sufficient cash in hand and the available bank facilities, the Group's liquidity position remained strong. Capital expenditure during the period amounted to HK$38 million (2006/2007 interim: HK$40 million), which was primarily funded by cash from the various operations. There were no material changes in contingent liabilities, charges on assets and exposure to fluctuations in interest and exchange rates.

CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September, 2007, complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except for the Code Provision A.2.1 for the separation of the roles of Executive Chairman and Chief Executive Officer.

Code Provision A.2.1 of the Listing Rules sets out that the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. As reported in the 2006/2007 Annual Report, with the promotion of Chief Executive, Hong Kong to the Group Chief Executive Officer in August 2007, we envisage that the assignment of the executive responsibilities from the Executive Chairman to the Group Chief Executive Officer will be completed in the year of 2009. We are glad to report that the Company has been progressing smoothly during this transitional period.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee was established in 1999. Its current members include three Independent Non-executive Directors, namely, Mr. Iain F. BRUCE (Chairman), Dr. The Hon. Sir David Kwok-po LI and Mr. Jan P. S. ERLUND.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the Group's unaudited interim financial report for the six months ended 30th September, 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2007.

By Order of the Board
Winston Yau-lai LO
Executive Chairman

Hong Kong, 26th November, 2007

As at the date of this announcement, Mr. Winston Yau-lai Lo, Mr. Laurence P. Eisentrager, Mr. Eric Fat Yu and Mr. John Shek-hung Lau are executive directors. Ms. Myrna Mo-ching Lo and Ms. Yvonne Mo-ling Lo are non-executive directors. Dr. The Hon. Sir David Kwok-po Li, Mr. Iain F. Bruce and Mr. Jan P. S. Erlund are independent non-executive directors.

This and other information about Vitasoy International Holdings Limited can be accessed via www.vitasoy.com.