

# Press Release



**For further information:**

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## **Synutra Reports 37% Sales Growth for the First Quarter Ended June 30, 2007**

October 5, 2007, Qingdao, PRC/Rockville, MD, USA -- Synutra International, Inc. (NASDAQ: SYUT; "Synutra"), one of China's leading manufacturers of dairy-based nutritional products for infants, children and adults, today reported fiscal results for the first quarter ended June 30, 2007. The Company's strong operational and financial performance is detailed in its Form 10-Q, which was filed today with the US Securities and Exchange Commission.

Synutra International, Inc. Chairman and Chief Executive Officer Liang Zhang commented, "I am pleased to announce further progress on our strategy, which was designed to capture the fastest growing segment of the infant formula market in China. Revenue growth for Synutra in the first quarter of our fiscal year was largely achieved through strong sales of our premium infant formula products and line extensions with healthy margins. We are implementing production processes aimed at enhancing manufacturing efficiency and cost reduction. I am confident the overall infant formula industry in China will continue to experience rapid growth, and I believe Synutra is well-positioned to capture this growth by continuing to both build the brand equity of our high-quality products and streamline production and distribution processes."

Synutra Vice President of Sales and Marketing Dr. Willie Wu added, "During Q1, we stepped up our integrated marketing program. While these actions had a negative impact on our net income for this quarter, our actions will solidify our brand recognition on a national and local level. We increased our advertising and promotional activities, enhanced consistency in customer communications on brand image and product messages, improved our customer care and customer service initiatives and direct sales efforts, and expanded consumer education and outreach programs."

Mr. Zhang concluded, "During the first quarter, we also executed a number of actions to improve our corporate infrastructure. On June 15, 2007, we successfully completed a successful private placement with Warburg Pincus, the proceeds of which we plan to use for general corporate purposes. Effective July 27, 2007, Synutra engaged Deloitte Touche Tohmatsu CPA Ltd. as its new independent auditors. We also recently appointed Lawrence Lee, formerly a member of Synutra's Board of Directors, as Synutra's Chief Financial Officer. With this addition, we are confident that we have the right senior team in place to drive further growth and provide financial leadership for our business."

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## **Fiscal First Quarter**

Sales in the first quarter ended June 30, 2007 increased by \$18.4 million or 37% to \$67.5 million as compared to \$49.1 million for the same three months in 2006. Gross profit was \$37.1 million, or 72.7% of sales for the three-month period. First quarter net income decreased by \$2.6 million, or 33%, to \$5.3 million from the same three months in 2006. Synutra earned \$0.11 per share in the first quarter, down from \$0.16 earned in same three-month period in 2006.

## **NASDAQ Stock Market**

On August 20, 2007, the Company received a staff determination letter from The Nasdaq Stock Market stating that the Company's common stock is subject to delisting from The Nasdaq Global Market for the Company's failure to file a quarterly report on Form 10-Q for the period ended June 30, 2007 with the SEC by the required deadline. Timely filing of annual and periodic reports with the SEC is required for continued listing under Nasdaq Marketplace Rule 4310(c)(14). The Company has appealed Nasdaq's determination and requested a hearing before the Nasdaq Listing Qualification Panel (the "Panel"). This appeal and request for a hearing has stayed the suspension of trading in the Company's common stock pending a decision by the Panel, and the Company's stock will remain listed during this time period. Further, the Company believes that the restatement of its financial statements as and for the fiscal year ended March 31, 2007 and the filing of this Form 10-Q with the SEC will result in the Panel's grant of the Company's request for continued listing. However, there can be no assurance that the Panel will grant the Company's request.

**Synutra's 10-Q available on-line:** [www.synutra.com](http://www.synutra.com)

## **About Synutra International, Inc.**

Synutra operates eight subsidiaries developing, producing, distributing and selling dairy-based nutritional products across the People's Republic of China. It offers its products for infants, children, adults and pregnant women and nursing mothers under the brand series of "Super," "U-Smart" and "U-Strong." The Group's extensive sales network covers 24 provinces, 264 cities and more than 1320 counties throughout China. For more information,

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*The information contained herein includes forward-looking statements. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. The safe harbor for forward-looking statements contained in the Securities Litigation Reform Act of 1995 protects companies from liability for their forward-looking statements if they comply with the requirements of the Act.*

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