

Eu Yan Sang 9M FY2007 net profit climbs 14% to S\$12.4 million

- **3Q FY2007 net profit grew 18% to S\$5.1 million**
- **Strong retail growth with 10 (net) new retail outlets launched**
- **Poised to expand presence into China**

Singapore, 8 May 2007 – Mainboard listed Eu Yan Sang International Ltd (“EYS”, “The Group” or “余仁生国际企业”), a leading household name for Traditional Chinese Medicine (“TCM”) and integrative healthcare, reported a 10% increase in revenue to S\$142.3 million; and a 14% increase in net profit to S\$12.4 million for the nine months ended 31 March 2007 (9M FY2007) on the back of strong retail performance and continued growth in all key markets.

| Financial Highlights (S\$'000) | 3 rd Quarter ended 31/03/2007 | 3 rd Quarter ended 31/03/2006 | % Change | Year to Date ended 31/03/2007 | Year to Date ended 31/03/2006 | % Change |
|---|--|--|-------------|-------------------------------------|-------------------------------------|-------------|
| | | *RESTATED | | | *RESTATED | |
| Revenue | 56,880 | 48,999 | 16 | 142,251 | 129,746 | 10 |
| Gross Profit | 27,245 | 24,876 | 10 | 71,461 | 66,459 | 8 |
| Operating Expenses (net) | 21,134 | 18,009 | 17 | 58,741 | 50,584 | 16 |
| Profit from Continuing Operations Before Tax | 6,193 | 5,727 | 8 | 15,709 | 14,775 | 6 |
| Net Profit | 5,136 | 4,345 | 18 | 12,424 | 10,907 | 14 |
| EPS (cents) | 1.43 | 1.21 | 18 | 3.45 | 3.03 | 14 |
| Cash & Cash Equivalents | 16,751 | 10,686 | 57 | 16,751 | 10,686 | 57 |

**Restated – the quarter and year to date results have been restated due to disposal of Synco (HK) Ltd in June 2006 and the disposal of Elixir’s business in October 2006.*

3Q FY2007 Financial Review

Gross profit rose 10% to S\$27.2 million in 3Q FY2007 in line with revenue growth for the three months ended 31 March 2007 (3Q FY2007). Administrative expenses increased by S\$1.3 million to S\$5.5 million in 3Q FY2007 as a result of the opening of new retail outlets and additional costs incurred in respect of new projects undertaken. Distribution and selling expenses also rose S\$1.8 million to S\$15.6 million with the increased advertising and promotion expenses incurred during the Lunar New Year festive season.

Profit before tax grew 8% to S\$6.2 million; while net profit rose 18% to S\$5.1 million in 3Q FY2007.

EYS continued to generate strong cash flows, with a net operating cash flow of S\$9.8 million for 9M FY2007 (9M FY2006: S\$11.9m).



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Operations Review

EYS registered growth across all core business segments in the nine months under review except for Wholesale–TCM. The Retail–TCM segment continued to spearhead growth with a 14% increase to S\$104.9 million. This was due to increased sales at existing retail outlets and contributions from the 10 (net) new retail outlets.

Based on the respective regions' local currencies, the Wholesale–TCM segment actually showed growth ranging from 1.1% to 16.3%. However, due to exchange translations into the reporting currency, the segment slid by S\$1.4 million to S\$20.1 million.

The Clinics segment showed an encouraging 7% growth to S\$16.2 million due to greater awareness of TCM and increased media exposure through recent TV programmes in Singapore. Clinics in Singapore and Malaysia performed exceptionally with a 28% increase in sales to S\$9.0 million and helped to cushion the impact of the reduction in the Australian operations.

EYS currently has 122 retail stores, 14 TCM clinics, 3 specialist TCM clinics and 4 Integrative Medicine Centres.

Company Outlook

EYS remains focused on its mid to long-term growth and is optimistic about strengthening its core businesses within key markets. New retail outlets will be strategically added in key markets, which are on track to meet the targeted 9 – 11 new retail stores for FY2007. Also, emphasis will be placed on increasing revenue from existing clinics, while seeking opportunities to add new clinics. The Wholesale segment is also expected to increase further with increased exports to China.

Mr. Richard Eu (余义明), Group CEO commented, "We have obtained wholesale and product licenses and are in the process of obtaining retail licenses for our expansion into China. Starting in Guangzhou, where we have a strong brand presence, plans are in place to expand our presence in China in the near future."

"We are honored to receive recognition for the third consecutive year from the readers of the Guangzhou Daily News in March 2007 as one of the 'Top Ten Favourite Brands'. This award bears testament to our brand equity in Guangzhou, and we believe that it will be an excellent point to spearhead our initiatives into China".

Barring unforeseen circumstances and subject to currency fluctuations in our countries of operation, the Directors expect group turnover and operating profit from continuing operations in FY2007 to be better than those achieved in FY 2006.

- The End -



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About Eu Yan Sang International Limited (SGX:EYSI)

Listed on the Singapore Exchange, Eu Yan Sang International Limited (Eu Yan Sang) is a progressive, global healthcare company with its core focus in Traditional Chinese Medicine (TCM).

The Group has come a long way from its humble beginnings offering TCM remedies to tin mine coolies in Gopeng, Perak, Malaysia over 127 years ago. Today Eu Yan Sang is a household name in Asia with an unrivalled reputation as the leader in the TCM industry.

Eu Yan Sang's ability to control the total supply chain – from the sourcing of its raw materials to the production and distribution of its products and the provision of treatments gives the Group an excellent competitive edge in the industry.

Eu Yan Sang strives to broaden its appeal by monitoring changing consumer trends and needs, investing in new business ideas, engaging in research and development with strategic partnerships and expanding its distribution network.

The Group markets fine quality Chinese herbs, Chinese Proprietary Medicines as well as health foods and supplements. It currently offers more than 280 products under the Eu Yan Sang brand name and over 1,000 different types of Chinese herbs and other medicinal products. In December 2006, the company signed an exclusive worldwide distributorship agreement with the Wisconsin Ginseng & Herb Co-op.

Manufacturing activities are carried out in two of its GMP (Good Manufacturing Practice) - certified factories located in Hong Kong and Malaysia. The Hong Kong facility in Yuen Long, is also TGA (Therapeutic Goods Administration)-certified.

Eu Yan Sang has an extensive distribution network comprising 122 Eu Yan Sang branded retail outlets in Hong Kong, Macau, Malaysia and Singapore. Eu Yan Sang products are available in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals, health clubs and spas worldwide. Its cybershop at www.euyansang.com.sg offers global customers the ease and convenience of shopping online.

The Group also operates a chain of 21 TCM clinics in Singapore, Malaysia and Australia; 14 TCM clinics in Singapore and Malaysia; three specialist TCM clinics in Singapore; and four "YourHealth" integrative medicine centres (IMCs) in Australia. The specialist TCM clinics and the IMCs combine the best practices of conventional medicine, TCM and natural therapies to provide consumers with holistic healthcare.

Contact Information

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