

EU YAN SANG INTERNATIONAL LIMITED

(Registration No.: 199302179H)

SALE OF PROPERTIES BY SUBSIDIARY COMPANY

The Board of Directors of Eu Yan Sang International Limited (“the Company”) wishes to announce that its wholly owned subsidiary, Eu Yan Sang (Properties) Limited (“EYSP”) had completed a Sale and Purchase Agreement (“the Agreement”) with Synco (H.K.) Limited (“the Purchaser”), a company incorporated in Hong Kong, to sell Units A to G on the 3rd Floor and car park lots (“the Properties”) of Sunview Industrial Building with an approximate gross floor area of 36,449 square feet at No. 3 On Yip Street, Chai Wan, Hong Kong.

The total consideration for the sale is HKD27.078 million, which was arrived at a willing buyer willing seller basis. The terms and conditions of the Agreement were commercially negotiated at an arm’s length basis. The Directors are of the opinion that the terms and conditions are reasonable and that the valuation sum of HKD24.58 million was obtained by reference to open market values on an existing use basis was carried out by Prudential Surveyors International Limited, an independent professionally qualified valuers, commissioned by EYSP. The sum of HKD27.078 million has been fully paid by the Purchaser.

The audited net book value of the Properties was HKD 13.688 million (or SGD 2.806 million) and net tangible asset value of the Group as at 30th June 2006 was SGD 78.925 million. At the Group level, the disposal will result in a net gain of HKD13.414 million for the current financial year and correspondingly the net tangible assets of the Group will also increase by approximately HKD 13.414 million in the financial year ending 30th June 2007.

Assuming the transaction had been effected at the beginning of the financial year 2006, the earnings per share for the Group would have been affected as follows:

	Before the transaction 30th June 2006	After the transaction 30th June 2006
Earnings per ordinary share of the Group		
based on net profit attributed to shareholders:		
a) Based on weighted average number of shares	4.01 cents	4.78 cents
b) On a fully diluted basis	4.01 cents	4.78 cents

Assuming the transaction had been effected at the end of the financial year 2006, the net tangible asset per share for the Group would have been affected as follows:

	Before the transaction 30th June 2006	After the transaction 30th June 2006
Net tangible asset per ordinary share based on issued share capital for the Group	21.9 cents	22.7cents

The Relative figures on the bases set out in Rule 1006 are as follows:

- (a) Net asset value of the Properties (HKD 13.688 million or SGD 2.806 million) / Group's net asset value in Financial Year Ended 30 June 2006 (SGD 79.188 million): (3.54) %
- (b) Net profits attributable to the Properties (HKD 13.414 million or SGD 2.845 million) / Group's net profits in Financial Year Ended 30 June 2006 (SGD 14.421 million): (19.73) %
- (c) Value of consideration received (HKD27.078 million or SGD 5.415 million) / Company's Market Capitalisation on 24 November 2006 (SGD 245 million) : (2.21) %
- (d) Not applicable

The Directors are of the view that the disposal is in the best interest of the Group as it has built a new factory in Yuen Long, Hong Kong, to replace the old factory. The proceeds from the Sale will be used for fulfilling the Group's working capital needs and repayment of short-term loans. None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction.

A copy each of the Agreement and valuation report by Prudential Surveyors International Limited is available for inspection during normal business hours at the Company's registered office at 269A South Bridge Road, Singapore 058818.

BY ORDER OF THE BOARD

Submitted by Tan Kang Fun, Chief Financial Officer & Company Secretary, on 05/01/2007 to the SGX.