

EU YAN SANG INTERNATIONAL LTD
(Registration No : 199302179H)

DISPOSAL OF SUBSIDIARY

The Board of Directors of Eu Yan Sang International Ltd ("the Company") wishes to announce that its wholly-owned subsidiary, Eu Yan Sang (H.K.) Limited ("EYSHK") has entered into an Agreement for the sale and purchase of the entire issued capital, representing 100%, of Synco (H.K.) Limited ("SYNCO") and the assignment of the shareholder's loan, with Vickmans Laboratories Limited ("The Purchaser"), a company incorporated in Hong Kong. The total consideration ("The Consideration") for the sale of shares and the assignment of the shareholder's loan is HK\$40.0 million, of which HK\$28.269 million is the consideration for the sale of shares, and HK\$11.731 million is the consideration for the shareholder's loan.

The Consideration shall be adjusted downwards if the net asset value of Synco (being the aggregate amount of the shareholders' funds and the amount of the shareholder's loan) as at the date of completion, which is expected to be on 30th June 2006, shall be less than HK\$22.1 million. In such event, EYSHK shall pay the shortfall to the Purchaser.

The Consideration shall be paid by the Purchaser to EYSHK in the following manner:

- (a) 5% of the Consideration, in the sum of two million HK\$2 million, which has been paid by the Purchaser to EYSHK's Solicitors upon the signing of the Memorandum of understanding on 21 April 2006, which has been released by EYSHK's Solicitors to EYSHK upon the signing of the Agreement; and
- (b) another 5% of the Consideration, in the sum of HK\$2 million, has been paid by the Purchaser to EYSHK upon the signing of the Agreement; and
- (c) the balance of the Consideration, in the sum of HK\$36 million shall be paid by the Purchaser to the EYSHK on Completion by a Hong Kong dollar cashier order drawn on a licenced bank in Hong Kong in favour of EYSHK or as it may direct.

The transaction was arrived at a willing buyer willing seller basis and the terms and conditions of the Agreement were commercially negotiated at an arm's length basis. Upon completion of the sale, Synco would cease to be a subsidiary of the Company.

For the financial year ended 30 June 2005, Synco had a turnover of HK\$29.4 million and an after tax profit of HK\$2.522 million. As at that date, it had net assets value of HK\$8.426 million..

At the Group level, the disposal of Synco would result in a net gain of about HK\$10.0 million for the current financial year and the net tangible assets of the Group would also increase by about HK\$10.0 million in the financial year ending 30 June 2006.

The disposal does not constitute a discloseable transaction under the provisions of Rule 1010 of the Singapore Exchange Securities Trading Limited's Listing Manual

The Directors are of the view that the Synco business was non-core to the Group and the disposal would be in the best interest of the Group as it rationalizes its business in consumer healthcare with its core focus in Traditional Chinese Medicine. None of the Directors and the controlling shareholders of EYS have any interest, direct or indirect, in this transaction.

A copy of the Agreement 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 30/05/2006 to the SGX.