



Eu Yan Sang 1H FY2007 net profit up 11% to \$7.3 million

- **2Q FY2007 net profit increases 52% to S\$4.8 million**
- **Strong retail segment poised for further expansion with 6 new outlets and Red White & Pure™ lifestyle concept store opened in 1H FY2007**
- **Optimistic about stronger FY2007 performance**

Singapore, 13 February 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 6% increase in revenue to S\$85.4 million for 1H FY2007 (period ending 31 December 2006) on continued growth in all key markets. Net profit climbed 11% to S\$7.3 million boosted by gains from sale of properties in Hong Kong and the disposal of Elixir’s business in the US.

| Financial Highlights (S\$'000) | 2 nd Quarter ended 31/12/2006 | 2 nd Quarter ended 31/12/2005 | % Change | Half Year ended 31/12/2006 | Half Year ended 31/12/2005 | % Change |
|--|--|--|----------|----------------------------|----------------------------|----------|
| | | RESTATED | | | RESTATED | |
| Revenue | 45,287 | 42,402 | 7 | 85,371 | 80,747 | 6 |
| Gross Profit | 23,511 | 21,822 | 8 | 44,216 | 41,583 | 6 |
| Operating Expenses (net) | 16,363 | 17,076 | (4) | 33,286 | 32,302 | 3 |
| Operating Profit | 7,148 | 4,746 | 51 | 10,930 | 9,281 | 18 |
| Profit from Continuing Operations Before Tax | 6,159 | 4,377 | 41 | 9,516 | 9,048 | 5 |
| Net Profit | 4,777 | 3,144 | 52 | 7,288 | 6,562 | 11 |
| EPS (cents) | 1.32 | 0.87 | 52 | 2.02 | 1.82 | 11 |
| Cash & Cash Equivalents | 17,800 | 10,870 | 64 | 17,800 | 10,870 | 64 |

2Q FY2007 Financial Review

Gross profit rose by 8% to S\$23.5 million in 2Q FY2007 in line with revenue growth. The Group achieved a higher gross margin of 51.9% for 2Q FY2007 as compared to 51.4% in 2Q FY2006 as a result of an improved product mix and improving consumer sentiment, leading to increased sales.

Administrative expenses went up from S\$4.4 million in 2Q FY2006 to S\$6.0 million in 2Q FY2007 as a result of new project costs being written off as and when incurred. Distribution and selling expenses also rose in anticipation of Lunar New Year and higher operating costs for new retail outlets being opened.

The Group’s operations continued to generate strong cash flows, with net operating cash flow of S\$5.4 million for 2Q FY2007 (2Q FY2006: S\$4.3m).



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Operations Review

The Group registered growth across all core business segments in 1H FY2007 except for Wholesale TCM. The mainstay Retail – TCM segment, spearheaded growth with a 10% increase to S\$61.3 million. Wholesale – TCM segment slid by S\$1.0 million to S\$13.3 million due to the timing of promotions. However, exports to China have since picked up and accounted for an encouraging 22% of the Wholesale-TCM revenue. The Clinics segment also showed a 5% growth to S\$10.6 million due to greater awareness of integrative medicine and recent TV programmes on TCM.

Mr. Richard Eu (余义明), Group CEO said, “With the launch of 6 (net) new retail outlets in 1H FY2007, we are currently on track to meet our target of 9 to 12 new stores for FY2007. We currently have 120 retail outlets, 16 TCM & Specialist TCM clinics and 4 Integrative Medicine Centres.”

The Group continued to achieve revenue growth across all key geographical markets. Singapore showed considerable growth of 28% to S\$24.0 million in 1H FY2007 with consumers showing increasing awareness of TCM and positive response towards EYS’ product offerings.

Company Outlook

The Group has undertaken several initiatives in FY2007:

The opening of the Eu Yan Sang Centre in Hong Kong (Nov 2006) represents a benchmark of scientific advancement for TCM. As one of the region’s largest TCM fingerprinting and herb extraction and concentration facilities, the centre has tripled the manufacturing capacity of EYS in Hong Kong.

An exclusive deal with the Wisconsin Ginseng & Herb Co-op (Dec 2006) was secured which will grant EYS the sole right to procure and distribute authentic Wisconsin grown American Ginseng with the Wisconsin Seal as certified by the Ginseng Board of Wisconsin, Inc. This collaboration will allow the Group to move up the TCM value chain to become a purveyor of quality and genuine American Ginseng. EYS expects revenue in the first year arising from the distributorship to be in excess of \$10 million, with the potential to grow to more than \$40 million within the next 3 to 5 years.

Lastly, the Red White & Pure™ lifestyle concept store (Jan 2007) consists of a range of health-focused services integrated into one store and targets over the next 5 years, to bring TCM to a global market through a modern and holistic approach.

Mr. Eu added, “With these initiatives, we believe that we have put in place a stable foundation for our continued growth in 2H FY2007. To further expand our distribution network, we will strategically launch new products in key markets. With the approaching Lunar New Year sales, we are optimistic about our performance and will continue to rollout an active pipeline of new products for 2007.”

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.



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- The End -

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 120 Eu Yan Sang branded retail outlets in Hong Kong, 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 20 TCM clinics in Singapore, Malaysia and Australia; 13 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.

At the end of 2006, Eu Yan Sang successfully entered the lifestyle market with two new ventures. Through the sale of Elixir Tonics and Teas business, Eu Yan Sang took up a 7% stake in Kosmo Wellness International Holdings, a lifestyle brand with a chain of wellness cafes in Hong Kong, China and UK.

The Group also launched Red White & Pure™, a 10,300 square feet lifestyle concept store which offers an integrated range of wellness focused services including therapy



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and treatment facilities, retail galleries, learning venues and exciting food and beverage options - all within one store, in Singapore. Red White & Pure™ is the result of three years of consumer research and the consolidation of the Group's core competencies specifically developed to target international markets such as North America, Europe and Australia.

Contact Information

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