



EU YAN SANG INTERNATIONAL LTD
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Eu Yan Sang proposes total dividends of S\$7.2m for FY06, up from S\$5.7m previously

- **Gross margin improves from 49.8% to 50.7%**
- **FY06 net profit up 16% to S\$14.4m on the back of 9% increase in revenue to S\$173.4 million**

Singapore, 29 August 2006 – Mainboard listed Eu Yan Sang International Ltd (“EYS”, “The Group” or “余仁生国际”), a leading household name for Traditional Chinese Medicine (“TCM”) and Integrative Healthcare, reports a 9% increase in revenue to S\$173.4 million for the twelve months ended 31 June 2006 (“FY06”).

With broad-based growth across all key business segments and a strong net operating cash flow of S\$17.4 million (FY05: S\$12.1 million), the Directors of the Group have recommended a record S\$7.2 million in dividends payout to reward shareholders. This is a 25% increase over the S\$5.7 million in total dividends paid for FY05.

Financial Highlights (S\$'000)	Group		
	FY06	FY05	Change %
Revenue	173,447	159,612	9
Gross Profit	87,958	79,435	11
Operating Profit	19,997	17,494	14
Profit from Continuing Operations Before Tax	17,538	15,505	13
Net Profit	14,421	12,409	16
Total Annual Dividend	7,206	5,746	25
Fully Diluted EPS (cents)	4.01	3.47	16

Mr. Richard Eu (余义明), Group CEO said, “Despite a 1-for-4 bonus issue in November 2005 , we have maintained a first and final dividend of 1.0 cent and a special dividend of 1.0 cent for a total of 2.0 cents per ordinary share in FY06 on the enlarged capital. This is our 4th consecutive year of paying out at least 40% of our net profit in dividends, and signifies our long-term commitment to deliver value to our shareholders.”

FY06 Financial Review

With the Group’s continued emphasis on improving its product mix, gross profit was up 11% to S\$88.0 million. Gross profit margin increased from 49.8% to 50.7%.



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The Group's operating expenses¹ went up by 14% to S\$71.7 million. This is in line with the higher level of operating activities as well as ongoing investment in new projects, relocation of Hong Kong factory, additional retail outlets, strengthening the management team, branding, advertising and promotional initiatives. With operating expenses offset by a S\$3.2 million gain on the disposal of a non-core subsidiary, operating profit went up 14% to S\$20.0 million.

Despite a S\$1.3 million foreign exchange loss (FY05: S\$0.2 million loss), profit from continuing operations before taxation went up a credible 13% to S\$17.5 million.

Operations Review

The Group's largest segment, Retail, led growth with an 11% increase in revenue to S\$121.3 million. The improvement came from higher sales at existing retail outlets as well as contributions from adding a net of 14 outlets during the twelve months under review. As of 30 June 2006, the Group had 112 stores - 36 in Hong Kong, 28 in Singapore and 48 in Malaysia.

With increasing popularity among modern consumers, the Clinics segment saw its revenue increase by 10% to S\$20.2 million. The Group added a net of 2 clinics in FY06, bringing the total to 20 clinics.

The Wholesale segment's revenue was S\$28.2 million, marginally higher by S\$0.2 million compared to FY05.

Mr. Eu commented, "With registration of Bak Foong Pills and Bo Ying Compound successfully renewed for wholesale distribution to the PRC market for a five-year period commencing May 2006, we are confident that our Wholesale business will move forward at a faster pace."

Eu Yan Sang's key geographical markets -- Hong Kong, Malaysia and Singapore -- continued to achieve revenue growth, aided by the Group's growing retail presence.

Company Outlook

Mr. Eu said, "Our focus will continue to be on our core businesses. Notwithstanding that, being a progressive company means that we will constantly seek new opportunities to introduce new consumer healthcare products and services to our customers. Our strong pipeline of new products slated for FY07 will form the backbone for our future growth."

"Another important area for us would be growth sustainability. Being a primarily retail-driven company, we closely monitor our stores, products and services to ensure that they deliver the most value to our discerning customers. As such, continuous innovation of our retail experience is key to the acceleration of our revenue and profit growth," Mr Eu concluded.

¹ Operating expenses comprise of Distribution and selling expenses including rental, Administrative expenses and Other operating expenses



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Barring unforeseen circumstances, the Group's FY07 revenue and operating profit are expected to exceed those achieved in FY06.

- The End -

About Eu Yan Sang International Limited (SGX:EYSI)

Listed on the Singapore Stock Exchange, Eu Yan Sang International Limited is a progressive, global healthcare company with its core focus in Traditional Chinese Medicine. Eu Yan Sang dedicates its business to the pursuit of offering the best natural healthcare products and services to its customers. It operates a chain of 13 TCM clinics in Singapore and Malaysia; 3 Specialist TCM clinics in Singapore; as well as 4 "YourHealth" Integrative Medicine Centres in Australia.

Today, the Company manufactures and markets fine quality, Chinese herbs and medicine under the brand name "Eu Yan Sang." A household name in Asia for over 120 years, Eu Yan Sang has since earned an unrivalled reputation as the leader in the traditional Chinese medicine industry.

The Group currently offers more than 250 products under its Eu Yan Sang brand name and over 1000 different types of Chinese herbs and other medicinal products. Manufacturing activities are carried out primarily at its two factories located in Hong Kong and Malaysia, which are Good Manufacturing Practice (GMP)-certified. Eu Yan Sang's factory in Hong Kong has also received the highly respected TGA-certification. It produces more than 50 different types of powder, pill and capsule products, including its flagship products, Bak Foong Pill and Bo Ying Compound.

Eu Yan Sang's products are readily available in over 100 of its own stores spread across Hong Kong, Singapore and Malaysia, as well as in over 7,000 drugstores, supermarkets, medical halls and convenience stores worldwide. In January 2006, Eu Yan Sang started distributing a number of its core products via SSUP's General Nutrition Centers (GNC) in Bangkok, Thailand. In addition, its cybershop at www.euyansang.com offers global customers the ease and convenience of buying its products online.

Besides its core TCM products, Eu Yan Sang also markets Elixir, a range of health tonics concocted with Chinese herbs and fruit blends in Los Angeles, USA via its own Elixir Tonic Bar.

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