



EU YAN SANG INTERNATIONAL LTD
21 Tai Seng Drive, Singapore 535223
Tel: (65) 6225 3211 Fax: (65) 6225 8276

For Immediate Release

**Eu Yan Sang's FY2014 revenue up 12% to S\$366.3 million;
14th consecutive year of record sales since listing in 2000**

- Operating profit increased 9% to S\$26.3 million, demonstrating strong and sustainable growth in Group's core businesses
- Profit to shareholders of S\$15.0 million
- Group proposes first and final dividend of 2.2 Singapore cents per share
- Operations in core markets resilient, emerging markets continue to show growth

Singapore, 28 August 2014 – SGX mainboard-listed Eu Yan Sang International Ltd ("EYS", "the Group" or "余仁生国际企业") reported a 12% year-on-year ("y-o-y") increase in its revenue to S\$366.3 million for its financial year ended 30 June 2014 ("FY2014") for a 14th consecutive year of record sales since its listing in 2000.

Table 1 – Financial Highlights

Financial Highlights (S\$ '000)	4QFY2014 ended 30 Jun 14	4QFY2013 ended 30 Jun 13	Change +/(-)%	FY2014 ended 30 Jun 14	FY2013 ended 30 Jun 13	Change +/(-)%
Revenue	84,587	77,291	9	366,267	326,921	12
Gross Profit	44,064	40,212	10	184,272	165,597	11
<i>Gross Profit Margin</i>	<i>52.1%</i>	<i>52.0%</i>	<i>0.1 % pts</i>	<i>50.3%</i>	<i>50.7%</i>	<i>(0.4 % pts)</i>
Operating Profit	2,672	3,274	(18)	26,301	24,082	9
Profit to shareholders	1,607	4,662	(66)	15,033	18,103	(17)



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The record revenue is largely a result of the strong performance in Hong Kong, Malaysia and Australia. Core business segments Retail and Wholesale also posted better sales y-o-y. For FY2014, Wholesale segment revenue accounted for 15.5% of the Group's revenue compared to 14.6% for FY2013.

FY2014 gross margins dipped 0.4% to 50.3%. Higher operating expenses and corporate spending has however trimmed operating profit improvement to 9%, returning at S\$26.3 million, demonstrating the Group's strong and sustainable growth in its core businesses.

For FY2014, the Group incurred higher interest expenses from its S\$75 million fixed rate notes issued in FY2013. Also, fair value gain on revaluation of investment properties for FY2014 was S\$2.1 million lower than that for FY2013. Correspondingly, profit before tax dipped 9% to S\$22.7 million, and profit to shareholders decreased 17% to S\$15.0 million. Disregarding the effect of fair value gain for investment properties, profit before tax for FY2014 would be S\$20.4 million, higher than that for FY2013.

On the back of the good financial performance for FY2014, the Group proposes a dividend for FY2014 of 2.2 Singapore cents per share, maintaining its dividend payout as that for FY2013.

Mr Richard Eu (余义明), Group CEO, commented, "Our net profit decreased primarily due to higher interest expense, lower fair value gain and higher taxation. On a positive note, our revenue and operating profit growth shows the resilience of our core businesses, and we managed to maintain our gross margins overall despite a larger revenue contribution from the wholesale segment which normally has a lower gross margin than the other segments."



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FY2014 Revenue by Activities

Retail revenue grew 12% largely as a result of the increase in company-operated outlets in Hong Kong and Australia. Wholesale revenue surged 19% on better offtake in trade, largely a result of higher distribution sales in Hong Kong and Macau. Clinic revenue dipped 2% due to relocation of clinics and movements of the physicians.

FY2014 Revenue by Geographical Locations

In geographical and local currency terms, Hong Kong surged 22% as a result of the increased number of retail outlets and same-store sales, effective marketing campaigns and also the strong demand from mainland tourists visiting Hong Kong and Macau. Malaysia grew 9% while Singapore dipped 3%. Australia improved 28% largely due to the increased number of company-operated outlets and better same-store sales, which translated to better retail performance.

Mr Eu added, “Quarterly sales has increased consecutively since we started to operate Healthy Life Group in Australia in February 2012. We have also managed to reduce the loss by 16% from A\$8.0 million for FY2013 to A\$6.7 million for FY2014, paving the path towards breakeven. For China, our losses have also reduced by 12%. ”

Group’s Retail Outlets and Clinics

As part of its retail rationalizing strategy, the Group added five company-operated outlets and closed 20 franchise outlets in Australia, added three in Hong Kong and one in Macau while reduced two in Malaysia and six in China in FY2014. The total number of retail outlets stood at 281 (comprising 249 company-operated outlets and 32 franchise outlets).



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The Group added two new clinics in Malaysia and one in Singapore, bringing the total number of clinics to 32. Integrative medical centres remained unchanged at two.

Going Forward

The Group is wary of increasing retail operating costs as a result of higher retail rentals and payroll costs which will affect its operating margins. The Group has taken proactive steps to address these challenges by rationalizing its retail network, expanding wholesale and creating new platforms to reach a wider segment of customers. The Group remains optimistic on its outlook and expects performance in its core markets to be robust and profitable, and its China and Australia markets to continue to show incremental growth, providing positive longer term prospects for the Group.

- The End -

About Eu Yan Sang International Ltd (SGX: EYSI)

Listed on the Singapore Exchange, Eu Yan Sang International Ltd (Eu Yan Sang) aims to be the world's leading and most trusted integrative health and wellness company with a unique heritage in Traditional Chinese Medicine ("TCM"). Being an industry leader and one of the largest TCM groups in South East Asia, Eu Yan Sang is at the forefront of adopting a modern and scientific approach in the production and retailing of both TCM and wellness products.

The Group has come a long way from its humble beginnings offering TCM remedies to tin mine coolies in Gopeng, Perak, Malaysia 135 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.

Manufacturing activities are carried out in two of its GMP-certified (Good Manufacturing Practices) factories located in Hong Kong and Malaysia. Every production process demonstrates full GMP accreditation for unmatched quality assurance.



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Apart from retailing fine quality Chinese herbs and Chinese Proprietary Medicines, Eu Yan Sang also retails health foods and supplements. Currently, the Group offers more than 300 products under the Eu Yan Sang brand name and over 1,000 different types of Chinese herbs and other medicinal products.

Eu Yan Sang's wholly-owned Australian subsidiary, Healthy Life Group Pty Ltd, operates a chain of 68 Healthy Life stores and a distribution business which is one of the largest health food distributors in Australia. This business has over 25 years' experience in Australia, supplying in excess of 3,500 products to around 600 independent retailers in the health food, pharmacy and grocery retail segments.

As of 30 June 2014, Eu Yan Sang has an extensive distribution network comprising 281 retail outlets in China, Hong Kong, Macau, Malaysia, Singapore and Australia. Its products are available in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals, health clubs and spas worldwide. The Group also operates a chain of 32 TCM Clinics in Singapore and Malaysia, and two Integrative Medical Centres in Hong Kong.

Contact Information	
Financial PR Pte Ltd Mr El Lee/Ms Kathy Zhang Investor Relations Consultants Tel: 65-6438 2990 / Fax: 65-6438 0064 Email: staff@financialpr.com.sg	Eu Yan Sang International Ltd Ms Joanna Wong General Manager Brand Management & Corporate Communications Eu Yan Sang International Ltd DID: 65-6704 9625 Fax: 65-6221 1861 Email: joanna.wong@euyansang.com