EU YAN SANG INTERNATIONAL LTD

(UEN/Company Registration No. 199302179H)
(Incorporated in the Republic of Singapore)

COMMENCEMENT OF CONSENT SOLICITATION EXERCISE BY EU YAN SANG INTERNATIONAL LTD (THE "COMPANY") IN CONNECTION WITH THE S$25,000,000 4.50 PER CENT. FIXED RATE NOTES DUE 2016 (ISIN: SG6R33976424) (THE "NOTES") ISSUED BY THE COMPANY.

Shareholders of the Company who are not otherwise holders of the Notes will not be eligible to attend or vote at the meeting of the Noteholders (as defined below) either in person or by proxy.

Reference is made to:

(a) the Notes (of which S$23,600,000 in principal amount remains outstanding); and

(b) the trust deed dated 29 November 2011 (the "**Trust Deed**") made between (1) the Company, as issuer, and (2) Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited), as trustee (the "**Trustee**"), constituting the Notes.

Capitalised or other terms used but not defined herein shall, unless the context otherwise requires, have the meanings as set out in the consent solicitation statement dated 24 May 2016 (the "**Consent Solicitation Statement**") issued by the Company.

On 16 May 2016, the Company announced that Credit Suisse (Singapore) Limited, for and on behalf of Righteous Crane Holding Pte. Ltd. (the "**Offeror**"), has issued an announcement relating to a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror as at 16 May 2016 (the "**Offer Shares**").

In addition, as part of the Company's on-going capital management to optimise its capital structure, the Company is exploring refinancing options for its existing debt (including the Notes and the 2018 Notes), regardless of whether the Offer becomes unconditional in all respects. The Company has on 13 May 2016 obtained commitments from DBS Bank Ltd. for credit facilities aggregating up to S$190,000,000 which will be secured on or around the time these credit facilities are drawn, for the purposes of, among other things, the Refinancing including financing an early redemption of the Notes, which it will be able to do if the Extraordinary Resolution is successfully passed at the Meeting and the Call Option is included in the Conditions of the Notes. The Company fully intends to exercise the Call Option so that the Notes will be redeemed on or before the Call Option Long-stop Date.

The proposed acquisition of the Offer Shares pursuant to the Offer (the "**Acquisition**"), the refinancing of certain of the Company's existing debt (including an early redemption of the Notes and the 2018 Notes) (the "**Refinancing**") and the subsequent delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (together, the "**Transactions**") may or will result in, *inter alia*:

(a) a breach of the following:

(i) the negative pledge set out in Clause 12.1(k) of the Trust Deed and Condition 10.1 of the Notes when security is created in respect of the Refinancing; and

(ii) the restriction against incurrence of financial indebtedness set out in Clause 12.1(o) of the Trust Deed and Condition 10.4 of the Notes when the Company incurs or agrees to incur new financial indebtedness arising from the loan facilities in respect of the Refinancing; and

(b) the occurrence of Potential Event(s) of Default or (as the case may be) Event(s) of Default:

(i) under Condition 11(b) of the Notes relating to breaches of covenants as a result of a non-compliance with Clause 12 of the Trust Deed (including Clauses 12.1(k) and 12.1(o) of the Trust Deed); and

(ii) under Condition 11(q) of the Notes relating to the listing status of the Company as a result of the Company being delisted from the SGX-ST due to the Acquisition.

The Company wishes to announce that it has today commenced a consent solicitation exercise to seek the approval of the holders (the "**Noteholders**") of the Notes (the "**Consent Solicitation**"), by way of extraordinary resolution to, *inter alia*:-

(a) amend the Conditions of the Notes to include the option to redeem all (and not some only) of the Notes at the option of the Company by giving not less than five business days' notice, on or before the 120th day after the date on which the Supplemental Trust Deed is entered into (the "**Call Option Long-stop Date**") at 100.50 per cent. of the principal amount of the Notes (comprising 100 per cent. of the principal amount of the Notes and a prepayment fee of 0.50 per cent. of the principal amount of the Notes), together with interest accrued to the date fixed for redemption (the "**Call Option**");

(b) subject to the Call Option being exercised by the Company, the waiver of the non-compliance with Clauses 12.1(k) and 12.1(o) of the Trust Deed and Conditions 10.1 and 10.4 of the Notes, which may or will occur as a result of the Transactions;

(c) subject to the Call Option being exercised by the Company, the waiver of the occurrence of the Potential Event(s) of Default or (as the case may be) Event(s) of Default under Conditions 11(b) and 11(q) of the Notes, in each case, which may or will occur as a result of the Transactions;

(d) subject to the Call Option being exercised by the Company, the waiver of all the requirements, covenants and terms in the Trust Deed and the Notes, in each case, which may or will be breached as a result of the Transactions; and

(e) the authorisation of, where applicable, the Trustee to execute all documents, notices, forms, instruments, consents or arrangements and also to concur in and execute and do all acts, things and documents as the Trustee may consider necessary, desirable or expedient to give effect to paragraphs (a) to (d) above.

DBS Bank Ltd. has been appointed as the solicitation agent in connection with the Consent Solicitation. Further details on the Consent Solicitation can be found in the notice of meeting published in *The Business Times* and announced via SGXNET on 24 May 2016.

A copy of the Consent Solicitation Statement will be mailed to the Noteholders with an address in Singapore. In order to avoid any violation of laws applicable in countries other than Singapore, the Consent Solicitation Statement has not been and will not be mailed to Noteholders who do not presently have an address in Singapore ("**Foreign Noteholders**"). Foreign Noteholders who wish to obtain a copy of the Consent Solicitation Statement should provide in writing such address in Singapore to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as meeting agent in connection with the Consent Solicitation, not later than five days before the Early Consent Fee Deadline.

In addition, Noteholders may collect copies of the Consent Solicitation Statement from the office of Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as meeting agent in connection with the Consent Solicitation, at 80 Robinson Road, #11-02, Singapore 068898 from 24 May 2016, between 9.00 a.m. to 6.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 10.00 a.m. (Singapore time) on 13 June 2016.

Responsibility Statement

The directors of the Company (including any director who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the announcement dated 16 May 2016 made by Credit Suisse (Singapore) Limited, for an on behalf of Righteous Crane Holding Pte. Ltd. (the "**Offeror**"), in respect of a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of the Company, other than those Shares owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer), the sole responsibility of the directors of the Company has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

By Order of the Board of
Eu Yan Sang International Ltd

Lam Chee Weng
Chief Financial Officer and Secretary
24 May 2016

NOTE: This announcement does not constitute an invitation to participate in the Consent Solicitation. No offer or invitation to issue or redeem any securities is being made pursuant to this release. This announcement must be read in conjunction with the Consent Solicitation Statement. This announcement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Company or any other entity.