CREDIT SUISSE

CREDIT SUISSE (SINGAPORE) LIMITED
(Company Registration No.: 197702363D)
(Incorporated in the Republic of Singapore)

for and on behalf of

RIGHTEOUS CRANE HOLDING PTE. LTD.
(Company Registration No.: 201509393Z)
(Incorporated in the Republic of Singapore)

6 June 2016

To: Holders ("**Optionholders**") of outstanding options ("**Options**") granted under the Eu Yan Sang Employee Share Option Scheme 2006 (the "**ESOS**")

Dear Sir/Madam

OPTIONS PROPOSAL

1. INTRODUCTION

1.1 **Offer Announcement.** On 16 May 2016 (the "**Offer Announcement Date**"), Credit Suisse (Singapore) Limited ("**Credit Suisse**") released an announcement (the "**Offer Announcement**"), for and on behalf of Righteous Crane Holding Pte. Ltd. (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of Eu Yan Sang International Ltd (the "**Company**"), other than those Shares owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer (the "**Offer Shares**") in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers. A copy of the Offer Announcement is available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com.

1.2 **Offer Document.** Credit Suisse has today despatched, for and on behalf of the Offeror, a formal offer document dated 6 June 2016 (the "**Offer Document**"), to the shareholders of the Company ("**Shareholders**") to provide, *inter alia*, information on the Offer and containing the terms of the Offer together with the Form of Acceptance and Authorisation for Offer Shares (the "**FAA**") and/or the Form of Acceptance and Transfer for Offer Shares (the "**FAT**"). You should receive a copy of the Offer Document together with this letter. This letter should be read and construed together with the Offer Document. Unless otherwise defined herein, capitalised terms used in this letter shall have the same meanings as defined in the Offer Document.

1.3 **Consultation.** This letter is sent for and on behalf of the Offeror and is addressed to the Optionholders. Credit Suisse is acting for and on behalf of the Offeror and does not purport to advise the Optionholders. If you are in any doubt about this letter or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.4 **Purpose.** In the Offer Document, it is stated that a proposal (the "**Options Proposal**") will be made by Credit Suisse, for and on behalf of the Offeror, to the Optionholders. The purpose of this letter is to formally make the Options Proposal to you.

1.5 **Circular.** The views of the directors of the Company who are considered to be independent for the purposes of the Offer (the "**Independent Directors**") and the independent financial adviser to the Independent Directors on the Offer will be made available in due course. You may wish to consider their views before taking any action in relation to this letter.

2. THE OFFER

2.1 **The Offer.** Credit Suisse, for and on behalf of the Offeror, has offered to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document (including the FAA and/or the FAT, as the case may be).

2.2 **Offer Price.**

For each Offer Share: S$0.60 in cash (the "Offer Price").

The Offeror does not intend to revise the Offer Price.

The Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, pledges, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital ("**Distributions**") (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date, but excluding the interim dividend of S$0.025 per Share, announced by the Company on SGXNET on 15 May 2016 and to be paid on 16 June 2016 to the Entitled Shareholders (the "**Interim Dividend**").

If any Distribution (other than the Interim Dividend) is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution paid or made by the Company to such Shareholders who accept or have accepted the Offer.

2.3 The Offer will be extended, on the same terms and conditions, to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options to subscribe for new Shares granted under the ESOS, prior to the close of the Offer.

For the purpose of the Offer, the expression "**Offer Shares**" shall include the aforesaid new Shares.

3. OPTIONS PROPOSAL

3.1 **Outstanding Options.** As at 31 May 2016 (being the latest practicable date prior to the printing of this letter), based on latest information available to the Offeror, there are 4,739,000 outstanding Options granted under the ESOS.

Under the rules of the ESOS, the Options are not transferable by the Optionholders. In view of this restriction, Credit Suisse, for and on behalf of the Offeror, will not make an offer to acquire the Options (although for the avoidance of doubt, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Options prior to the close of the Offer).

Instead, Credit Suisse will, on behalf of the Offeror, make an Options Proposal to Optionholders, on the terms set out below.

3.2 **Terms of the Options Proposal.** Credit Suisse, for and on behalf of the Offeror, proposes that:

(a) subject to the Offer becoming or being declared unconditional in all respects; and

(b) subject to your relevant Options continuing to be exercisable into new Shares,

you will be paid a cash amount (determined as provided below) (the "**Option Price**") in consideration of you agreeing:

(i) not to exercise any of your relevant Options into new Shares; and

(ii) not to exercise any of your rights as Optionholders,

in each case from the date of your acceptance of the Options Proposal to the respective dates of expiry of your relevant Options. Further, if the Offer becomes or is declared unconditional in all respects, you will be required to surrender all your relevant Options for cancellation. If the Offer lapses or is withdrawn or if your relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

3.3 **Option Price.** The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to: (a) any Option in which the Offer Price is higher than the exercise price of that Option is the amount by which the Offer Price is in excess over the exercise price of that Option, and (b) any Option in which the Offer Price is equal to or lower than the exercise price of that Option is a nominal amount of 0.001 cents per Option.

3.4 **Rules of the ESOS.** Under the rules of the ESOS, in the event of a take-over offer being made for the Company and such offer becoming or being declared unconditional, Optionholders shall be entitled, within six (6) months of the date on which such offer becomes or is declared unconditional, to exercise in full or in part any unexercised Options provided that if during such period of six (6) months a party becomes entitled or bound to exercise rights of compulsory acquisition of Shares under Section 215 of the Companies Act (Chapter 50 of Singapore) and gives notice to the Optionholders that it intends to exercise such rights on a specified date, the Options shall remain exercisable until that specified date. Any Option not so exercised by the said specified date shall become void and of no effect provided that the rights of acquisition stated in the notice have been exercised.

3.5 **Offer and Options Proposal Mutually Exclusive.** For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and Options Proposal are separate and are mutually exclusive. The Options Proposal does not form part of the Offer, and *vice versa*.

Without prejudice to the foregoing, if you wish to exercise your Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, you may not accept the Options Proposal in respect of such Options. Conversely, if you wish to accept the Options Proposal in respect of your Options, you may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

3.6 **Choice.** Accordingly, you can, in relation to all or part of your Options, **either** (a) accept the terms of the Options Proposal by completing and signing the enclosed acceptance letter for the Options Proposal (the "**Acceptance Letter**") and ensuring that the duly completed and signed Acceptance Letter is forwarded to and received by Righteous Crane Holding Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd. at its office located at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, by the deadline stated at paragraph 4.1 below, **or** (b) subject to the terms of the ESOS, exercise your Options and accept the Offer in respect of the new Shares to be issued pursuant to such exercise, **or** (c) do nothing.

3.7 **Overseas Optionholders.** The availability of the Options Proposal to Optionholders whose addresses are outside Singapore, as shown in the records of the Company, may be affected by the laws of the relevant jurisdiction. If you are an Optionholder whose address is outside Singapore, you are advised to read paragraph 12 of the Offer Document carefully, the provisions of which shall apply to you *mutatis mutandis*.

4. FURTHER ACTION

4.1 If you wish to accept the Options Proposal, please sign and return the enclosed Acceptance Letter to reach Righteous Crane Holding Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd. at its office located at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 by **5.30 p.m. (Singapore time) on 4 July 2016 or such later date(s) in respect of the close of the Offer as may be announced from time to time by or on behalf of the Offeror (the "Closing Date")**.

Subject to:

(a) the Offer becoming or being declared to be unconditional in all respects; and

(b) the receipt by Righteous Crane Holding Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd. at its office located at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, from you, **not later than** 5.30 p.m. (Singapore time) on the Closing Date, of the duly completed and signed Acceptance Letter,

remittances in the form of cheques drawn on a bank in Singapore for the appropriate amounts will be despatched to you by ordinary post and at your risk as soon as practicable but in any event:

(i) in respect of acceptances of the Options Proposal which are valid and complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) business days after the Offer becomes or is declared unconditional in all respects; or

(ii) in respect of acceptances of the Options Proposal which are valid and complete in all respects and are received after the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) business days after the Offeror's receipt of valid acceptances.

The Offeror will be entitled to reject any acceptance which is not entirely in order or which does not comply with the provisions and instructions contained in this Options Proposal and the Acceptance Letter or if the Acceptance Letter is otherwise incomplete, incorrect or invalid in any respect. If an Optionholder wishes to accept the Options Proposal, it is the responsibility of the Optionholder to ensure that the Acceptance Letter is properly completed in all respects and all required documents are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, Credit Suisse and Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility or liability for the consequences of such a decision.

4.2 Alternatively, if you wish to exercise all or part of your Options in order to participate in the Offer, you must exercise your Options into new Shares and deliver the relevant exercise notice(s) and other required documents and the subscription monies in accordance with the rules of the ESOS.

In accordance with market practice relating to take-over offers, Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company, should despatch the share certificates relating to the new Shares within three (3) Market Days after the receipt of your valid exercise of your Options to The Central Depository (Pte) Limited ("**CDP**") for credit to your Securities Account with CDP.

You should note that if your Securities Account is not credited with the relevant number of new Shares by the date of receipt of the FAA in respect of your new Shares (provided that the date of receipt is on or before 5.30 p.m. (Singapore time) on the Closing Date), your acceptance of the Offer via the FAA may be rejected.

Please refer to the Offer Document for more details on the Offer.

5. GENERAL

5.1 **Governing Law.** This letter and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by, and construed in accordance with, the laws of Singapore, and you and the Offeror hereby submit to the non-exclusive jurisdiction of the Singapore courts.

5.2 **Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).** A person who is not a party to any contract made pursuant to this letter has no rights under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce any term of such contract.

5.3 **Accidental Omission.** Accidental omission to despatch this letter or any notice or announcement required to be given under the terms of the Options Proposal or any failure to receive the same by any person to whom the Offer or the Options Proposal is made or should be made, shall not invalidate the Options Proposal in any way.

6. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this letter) have taken all reasonable care to ensure that the facts stated and opinions expressed in this letter are fair and accurate and that there are no other material facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this letter.

The Directors jointly and severally accept full responsibility accordingly.

Issued by
CREDIT SUISSE (SINGAPORE) LIMITED

For and on behalf of
RIGHTEOUS CRANE HOLDING PTE. LTD.

6 June 2016

OPTIONS PROPOSAL ACCEPTANCE LETTER

To: Righteous Crane Holding Pte. Ltd.
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623

Dear Sirs,

1. I have read your letter dated 6 June 2016 issued in connection with the Options Proposal and the Offer Document (the "**Options Letter**").

2. Unless otherwise defined herein, capitalised terms used in this Acceptance Letter shall have the same meaning as defined in the Options Letter.

3. I hereby irrevocably accept the Options Proposal in respect of my Options, the details of which are set out below (the "**Relevant Options**").

Date of grant	Exercise period (DD/MM/YY)		Exercise price (S$)	Number of Relevant Options in respect of which the Options Proposal is accepted
	From	To		

Accordingly, in consideration of you paying me the Option Price for each Relevant Option pursuant to the Options Proposal as set out in the Options Letter, I will not:

(a) exercise any of the Relevant Options into new Shares from the date of my acceptance of the Options Proposal to the respective dates of expiry of the Relevant Options; and

(b) exercise any of my rights as a holder of the Relevant Options from the date of my acceptance of the Options Proposal.

4. I hereby acknowledge and agree that payment of the Option Price to me shall constitute a full and complete discharge of your payment obligations to me pursuant to the Options Proposal and the Options Letter.

5. I hereby confirm my understanding that the Options Proposal is subject to the Offer becoming or being declared to be unconditional in all respects and the Relevant Options continuing to be exercisable into new Shares.

6. I hereby agree that, if the Offer becomes or is declared to be unconditional in all respects, I will also be required to surrender all of the Relevant Options for cancellation. If the Offer lapses or is withdrawn or if the Relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

7. I further acknowledge that no representation was made by you or Credit Suisse to induce me to accept the Options Proposal.

8. This Acceptance Letter shall be governed by, and construed in accordance with, the laws of Singapore.

Yours faithfully,

Please print in block letters

Name in Full : _____

NRIC/Passport No. : _____

Address : _____

_____

Signature : _____

Date : _____