EU YAN SANG INTERNATIONAL LTD

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For Immediate Release

Eu Yan Sang's full year net loss touches S$13.5 million, mainly from major impairments in China and Australia arising from restructuring

- Full year revenue dip 3% to S$338.2 million due to overall revenue decline in Hong Kong
- Q4 results showed some improvement, but overall business outlook remains challenging
- Retail and wholesale business in China is divested to joint venture partner HCare
- No final dividend declared; interim dividend paid May 2016
- Net debt increased to S$155.8 million as at 30 June 2016
- Potential loss of free float and suspension in trading of shares of the company

Singapore, 22 August 2016 – SGX-listed integrative health and wellness company Eu Yan Sang International Ltd ("EYSI", "the Group" or "余仁生国际企业") posted a full year net loss of S$13.5 million, and a 4Q net loss of S$14.1 million.

Full year revenue dipped by 3% to S$338.2 million due to revenue decline in Hong Kong and the weakening of the Malaysian Ringgit and Australian Dollar. The Group's net loss for the 4Q and full year were significantly affected by impairments on property, plant and equipment, goodwill and intangible assets in Hong Kong, China and Australia as part of its business restructuring programme.

In China, the Group closed its food and beverage business and six retail outlets. The rest of the remaining five retail sites and operating unit have been transferred to the Group's Chinese joint venture partner, HCare Investments Holding Limited.

Given the slowdown in the Australian economy, a total of S$6.3 million impairment was taken. EYSI is currently seeking operational and financial partners for the business and hopes to complete a transaction before the calendar year end.

4Q revenue improved 2% to S$73.5 million, boosted by wholesale revenue from Hong Kong. The group saw 4Q operating loss improve 84% due mainly to gross margin improvement and lower spending on distribution and selling. For the full year, despite gross profit decline by 4% against last year, the operating profit increased by 4% compared to last year due to cost management initiatives. During the same quarter, the Group incurred S$1.5 million of finance and legal costs as part of its debt restructuring exercise.

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Financial Highlights

Financial Highlights (S$ '000)	4QFY2016 ended 30 Jun 2016	4QFY2015 ended 30 Jun 2015	Change +/(-)%	FY2016 ended 30 Jun 2016	FY2015 ended 30 Jun 2015	Change +/(-)%
Revenue	73,522	72,251	2	338,178	350,408	(3)
Gross Profit	37,971	35,375	7	166,250	173,108	(4)
Gross Profit Margin	52%	49%	3	49%	49%	n.m.
Operating expenses	(39,436)	(40,435)	(2)	(158,043)	(164,935)	(4)
Operating profit/(loss)	(620)	(3,891)	(84)	11,161	10,746	4
(Loss)/Profit before tax	(12,765)	(472)	n.m.	(8,914)	12,367	n.m.
(Loss)/Profit to shareholders	(14,114)	(3,599)	n.m.	(13,480)	4,563	n.m.

Business Updates in Key Markets (quoted in local currency)

Hong Kong reported an increase of 4% in revenue for 4QFY2016, but a decline of 11% for FY2016, due to the ongoing challenges to the retail environment. The strong Hong Kong Dollar helped to cushion the decline in FY2016 when translated to Singapore Dollars. The Group closed two company-operated retail outlets in Hong Kong, and added one Integrative Medical Centre during the quarter. However, high rents and a continued slowdown in spending by PRC tourists are expected to temper results.

Revenue from Singapore declined by 3% this quarter but improved 6% in FY2016, mainly driven by the launch of new products and the effective timing of promotional campaigns during different seasons.

Revenue from Malaysia saw an increase of 8% to RM$43.2 million against corresponding quarter last year. Against a corresponding full year, it was a marginal decline of 1% to RM$226 million, due to the GST implementation. As a result of the weak Malaysian currency, revenue from Malaysia when translated into Singapore Dollars dropped by 12% year-on-year. During the quarter, the Group closed seven company-operated retail outlets in Malaysia. The Group maintains two food and beverage outlets in Malaysia as at 30 June 2016.

In Australia, revenue increased by 7% in the last quarter and 13% in the full year of FY2016 as a result of an increase in the number of company-operated outlets and the rise in same-store sales. However, the appreciation of the Singapore Dollars against the

Australian currency had muted the revenue growth to only a 3% increment for 4QFY2016 and 5% increment in FY2016, when expressed in Singapore currency.

Business Outlook

The Group expects the current economic slowdown in the region to continue. Operations in Hong Kong are expected to remain challenging in the near future, while Malaysia has seen a decline in its retail consumption. Operations in Singapore have seen improvements in performance, however, some slowdown was observed in the last quarter. Operations in Australia are also experiencing a slowdown in its growth in the last quarter, despite an increase in same-store sales.

In view of the negative business environment ahead, the Group will take a cautious approach to investment and continue to drive performance improvement through the implementation of cost reduction initiatives. The Group continues to review its cash flow requirements and adequacy of its bank borrowings and may consider funding alternatives to strengthen its balance sheet.

Loss of free float and potential suspension in trading

With the substantial shareholder notification made on August 4, 2016, EYSI has informed its shareholders that the percentage of the total number of issued Shares which are held in public hands has fallen below 10 per cent. As the Group no longer meets the free float requirement, SGX may suspend trading of the Group's shares. Upon trading suspension, the Group does not intend to maintain the present listing nor intend to take any steps to lift the trading suspension. The Group also reserves the right to seek a voluntary delisting of the Company from the SGX.

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About EYSI

Listed on the Singapore Exchange, EYSI is a leading integrative health and wellness company with a unique heritage in Traditional Chinese Medicine (TCM). As one of the largest TCM groups in Southeast Asia, EYSI drives the industry forward with scientific and innovative approaches in the production and retail of its TCM and wellness products.

From the sourcing of raw materials to manufacturing and distribution of the finished products, as well as the provision of treatments—the Group is able to control the total supply chain, giving it a competitive advantage 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. The factory in Hong Kong has also earned a certification by the Therapeutic Goods Administration (TGA) of Australia, in accordance with the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (PIC/S) Guide to GMP for Medicinal Products.

As at 30 June 2016, EYSI has an extensive distribution network comprising 234 company-operated retail outlets in China, Hong Kong, Macau, Malaysia, Singapore and Australia and 18 franchises in Australia. Its products are available online at www.EuYanSang.com, as well as 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. The Group also operates two food and beverage outlets in Malaysia.

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