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$75,000,000 4.10 PER CENT. FIXED RATE NOTES DUE 2018 (ISIN: SG6SF2000004) COMPRISED IN SERIES 001 (THE "NOTES") ISSUED BY THE COMPANY PURSUANT TO ITS S$300,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME (THE "PROGRAMME")

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; and

(b) the trust deed dated 22 May 2013 (the "**Trust Deed**") made between (1) the Company, as issuer, and (2) DBS Trustee Limited, as trustee (the "**Trustee**"), relating to the Programme and 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 2016 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 2016 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) the occurrence of a Change of Shareholding Event (as defined in Condition 5(e)(ii) of the Notes) as the Acquisition results in Mr Robert James Yee Sang Eu, Mr Richard Yee Ming Eu and Mr Clifford Yee Fong Eu and their respective Immediate Family Members (as defined in Condition 5(e)(ii) of the Notes) ceasing to own in aggregate at least 30% of the issued share capital of the Company which will give rise to an option on the part of the Noteholders to require the Company to redeem their Notes in the manner described in Condition 5(e)(ii) of the Notes;

(b) the shares of the Company ceasing to be traded on the SGX-ST or trading in the Shares on the SGX-ST being suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise) which will give rise to an option on the part of the Noteholders to require the Company to redeem their Notes in the manner described in Condition 5(g) of the Notes as a result of the Acquisition;

(c) a breach of the negative pledge set out in Clause 7.1 of the Trust Deed and Condition 3(a) of the Notes when security is created in respect of the Refinancing; and

(d) the occurrence of the Potential Event of Default or (as the case may be) Event of Default under Condition 9(b) of the Notes as a result of non-compliance with the obligations of the Company under the Trust Deed or the Notes (including Clause 7.1 of the Trust Deed and Condition 3(a) of the Notes).

As the Company has the right under the Call Option to redeem the Notes on or before the Call Option Long-stop Date regardless of whether a Change of Shareholding Event or a Delisting Event has occurred, the amendment of the put option periods and redemption dates under the Change of Shareholding Event Put Option and the Delisting Event Put Option is to provide for an orderly redemption process. When a Change of Shareholding Event or a Delisting Event occurs before the Notes are redeemed pursuant to the Call Option, Noteholders will not be able to exercise the Change of Shareholding Event Put Option or, as the case may be, the Delisting Event Put Option which will require the Company to redeem the Notes at par since the Company may exercise its right to redeem the Notes pursuant to the Call Option at a premium. If, however, the Company does not exercise the Call Option to redeem the Notes by the Call Option Long-stop Date, Noteholders will then have the right to exercise the Change of Shareholding Event Put Option or, as the case may be, the Delisting Event Put Option.

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*, only in respect of the Notes: -

(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 101.75 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 1.75 per cent. of the principal amount of the Notes), together with interest accrued to the date fixed for redemption (the "**Call Option**");

(b) amend the put option periods and redemption dates under the Change of Shareholding Event Put Option and the Delisting Event Put Option such that Noteholders will be able to exercise these put options within the original specified period after the Call Option Long-stop Date if a Change of Shareholding Event and/or Delisting Event has occurred and the Company does not redeem the Notes on or before the Call Option Long-stop Date;

(c) subject to the Call Option being exercised by the Company, the waiver of the non-compliance with Clause 7.1 of the Trust Deed and Condition 3(a) of the Notes, which may or will occur as a result of the Refinancing;

(d) subject to the Call Option being exercised by the Company, the waiver of the occurrence of the Potential Event of Default or (as the case may be) Event of Default under Condition 9(b) of the Notes, in each case, which may or will occur as a result of the Refinancing;

(e) 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

(f) 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 (e) 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 10.30 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.