EU YAN SANG INTERNATIONAL LTD

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For Immediate Release

Eu Yan Sang posts 3QFY16 revenue of S$103.87 million
Operating profit remains steady at S$7.65 million
Declares dividend of two and half cent per share

- Hong Kong market appears to be bottoming out, with revenue remaining steady
- Business environment in Malaysia remains challenging due to lower consumer demand and weak currency
- Australia and Singapore show revenue growth, partially mitigating lower revenue contributions from other markets
- EYSI recorded an operating profit of S$7.65 million and a net profit attributable to shareholders of S$0.28 million

Singapore, 15 May 2016 – SGX-listed integrative health and wellness company Eu Yan Sang International Ltd ("EYSI" or "余仁生国际企业", together with its subsidiaries and associated companies, the "Group") posted revenue of S$103.87 million for the third quarter ended 31 March 2016 ("3QFY2016"). This 6% decline year-on-year was mainly due to a decrease in the revenue generated from the Malaysian market as well as the weakening of the Malaysian Ringgit (RM). The gross profit for the Group for 3QFY2016 decreased by 4% to S$49.52 million compared to that for the corresponding period last year. The gross profit margin for the Group for the quarter rose marginally to 48%.

The operating profit of the Group of S$7.65 million for 3QFY2016 was steady year-on-year. This is partly due to the success of on-going cost reduction initiatives, which resulted in lower operating expenses, consisting of administrative, distribution and selling expenses. The Group recorded a profit before tax of S$1.48 million for 3QFY2016, which was lower than that recorded for the corresponding period last year. The decline is due mainly to foreign exchange losses from the weakening of the Hong Kong Dollar, as well as expenses incurred for the cessation of the Group's food & beverage operations in China. The profit to shareholders has also declined to S$0.29 million for the quarter.

The Group has proposed an interim dividend of two and a half cent per share. The dividend will be paid to shareholders registered in the Register of Members as at the books closure date of 25 May 2016. The dividend will be paid on 16 June 2016.

Commenting on the latest set of financial results, the Group Chief Executive Officer, Mr Richard Eu (余义明) said, "Despite the sluggish regional economy, we are heartened by the green shoots of recovery budding in some of our markets. Moving forward, we remain committed to improving our performance through cost reduction initiatives and rationalisation, while seeking

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greater levels of efficiency through the use of technology. On the other hand, weak macro-economic conditions continue to weigh down our market performance in Hong Kong and Malaysia. Deterioration in these markets may affect our business outlook for our fourth quarter."

Financial Highlights

Financial Highlights (S$ '000)	3QFY2016 ended 31 Mar 2016	3QFY2015 ended 31 Mar 2015	Change +/(-)%	9MFY2016 ended 31 Mar 2016	9MFY2015 ended 31 Mar 2015	Change +/(-)%
Revenue	103,874	110,432	(6)	264,656	278,157	(5)
Gross Profit	49,523	51,709	(4)	128,279	137,733	(7)
Gross Profit Margin	48%	47%	1	48%	50%	(2)
Operating expenses	(42,530)	(44,680)	(5)	(118,607)	(124,500)	(4)
Operating profit	7,651	7,661	-	11,781	14,637	(20)
Profit before tax	1,483	7,276	(80)	3,851	12,839	(70)
Net profit to shareholders	286	5,448	(95)	634	8,162	(92)

Business Updates in Key Markets (quoted in local currency)

In its third quarter, the Group saw positive growth in revenue in two of four core markets, namely, Singapore and Australia, and maintained a level performance in Hong Kong.

It recorded HK$202.43 million in revenue for Hong Kong, Macau and China in 3QFY2016, which remained steady compared to the revenue in the corresponding quarter last year. Although the Group's business in this market was affected by the decline in spending by mainland tourists and headwinds in the retail environment, the negative impact appears to be bottoming out. As part of its overall rationalisation strategy, the Group closed three company-operated retail outlets in Hong Kong.

The Group posted 3% higher revenue from Singapore in 3QFY2016 at S$24.44 million, largely due to favourable customer response to key promotions and new products launched. During the quarter, it opened one general traditional Chinese medicine clinic and re-opened two company-operated retail outlets after mall renovations. Its retail operations demonstrated improvements in performance while its wholesale activities recorded greater revenue. It also improved its operating profits in Singapore through the relocation and rationalisation of its retail network and clinics.

Conversely, revenue from Malaysia fell by 12% to RM90.67 million in 3QFY2016, largely due to the absence of the one-off spike in consumption last year, when consumers stocked up on consumer goods before Malaysia's implementation of the Goods and Services Tax in April 2015. When reported in SGD, this decline was exacerbated by the weakening of the RM against the SGD, amounting to a 21% decrease in revenue. During the quarter, the Group rationalised three company-operated retail outlets in Malaysia.

In Australia, revenue rose by 7% in the reporting quarter due to continued growth in same-store sales together with an increase in the number of company-operated outlets, compared to that recorded for the corresponding quarter last year. The effect of this increase was slightly dampened due to the weakening of the Australian Dollar against the Singapore Dollar (SGD). This translated into a smaller 3% increase in revenue when reported in SGD.

Business Outlook

The Group remains cautious in its business outlook, in light of the persistent economic slowdown in the region weighing down on its core markets. Although the Hong Kong market appears to have bottomed out, its short-term outlook is still expected to be challenging. In Malaysia, the Group expects a continued slowdown in private consumption and waning consumer confidence. Deterioration in either of these markets may have a significant impact on the Group's operating profits next quarter.

Singapore continues to perform despite a slowing local economy. The Group also remains cautiously optimistic about future prospects in Australia, and intends to continue growing its Australian network through strategic acquisitions and partnerships. Finally, the Group expects to complete all legal arrangements for the joint venture with HCare Investments Holding Limited for China by the end of the financial year.

Given that the weak operating business outlook is expected to endure, the Group will keep its cautious approach and it hopes to improve gradually its business through cost reduction initiatives, rationalisation of weak performing retail outlets, together with its consistent focus on increasing efficiency in its back office operations using technology. The Group will scrutinise and assess the continual feasibility of all non-profitable lines of business. The Group will also continue to review its cash flow and funding requirements to ensure its balance sheet remains sufficiently strong to support future growth. With these initiatives, the Group expects to mitigate the impact of the negative operating environment.

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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 31 March 2016, EYSI has an extensive distribution network comprising 248 company-operated retail outlets in China, Hong Kong, Macau, Malaysia, Singapore and Australia and 20 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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