

ACQUISITIONS AND DISPOSALS :: NON-MANDATORY DISCLOSURE :: EU YAN SANG TO EXPAND PRODUCTION CAPACITY AND R&D CAPABILITY ON NEWLY-LEASED LAND IN HONG KONG

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* Asterisks denote mandatory information

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Announcement is submitted with respect to *	EU YAN SANG INTERNATIONAL LTD
Announcement is submitted by *	Eu Yee Fong Clifford
Designation *	Executive Director & Company Secretary
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title *	EU YAN SANG TO EXPAND PRODUCTION CAPACITY AND R&D CAPABILITY ON NEWLY-LEASED LAND IN HONG KONG
Description	Please see attached.
Attachments	 EYS-HKfactoryexpansion.pdf Total size = 100K (2048K size limit recommended)



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For Immediate Release

Eu Yan Sang to expand production capacity and R&D capability on newly-leased land in Hong Kong

- **Construction to proceed in phases, with phase 1 expected to complete in 2016**
- **Phase 1 of new factory will be more than two times the capacity of the existing factory**
- **New factory to expand the Group’s production of Chinese medicines and nutraceutical health foods, dietary supplements and complementary medicines, enabling it to meet increasing demand into the next decade**

Singapore, 12 March 2013 – SGX mainboard-listed Eu Yan Sang International Ltd (“EYSI”, “the Group” or “余仁生国际企业”), a trusted global integrative healthcare and wellness company with a strong foundation in Traditional Chinese Medicine (TCM), was successful in the tender for a piece of land in Yuen Long offered by the Hong Kong Science and Technology Parks Corporation through its fully owned subsidiary, Eu Yan Sang (Hong Kong) Limited (“EYSHK”).

The Group intends to expand its production capacity and R&D capability on this newly-leased land, which sits directly opposite its existing factory in Yuen Long, Hong Kong, for the production of Chinese medicines and nutraceutical health foods, dietary supplements and complementary medicines. The construction of the new factory will be conducted in phases with phase 1 expected to complete in 2016 and commence operations in early 2017. Mr Richard Eu (余义明), Group CEO, commented, “The construction of the new factory will be conducted in phases with phase 1 expected to complete in 2016 at an estimated cost around HK\$500 million (approx. S\$80 million) including land cost. We expect phase 1, which will have a production capacity of more than two times that of our existing facility, to commence operations in early 2017.”



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This plot of land, spanning approximately 15,800 sq m, in Yuen Long, Hong Kong, was offered by the Hong Kong Science and Technology Parks Corporation. EYSHK successfully tendered for this plot at about HK\$39.6 million (approx. S\$6.35 million), with a lease expiry date of 27 June 2047, a period of more than 34 years. This works out to an attractive HK\$2500 per sq m for the lease, considering the long lease period. Mr Eu added, “We are pleased to have the support of the Hong Kong government. In particular, we are honoured that the Hong Kong Science and Technology Parks Corporation has chosen our plan and ideas in developing the land, encompassing not just an expansion of the manufacturing facility but also incorporating high-tech R&D capability.”

The Group’s existing plant at Yuen Long holds the Good Manufacturing Practice (GMP) certification by the Therapeutic Goods Administration (TGA) of Australia, and ISO9001:2008 by Hong Kong Quality Assurance Agency, making it the first fully GMP accredited TCM company in Hong Kong in 2002. The current certificate of TGA GMP is in accordance with the updated Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-Operation Scheme (PIC/S) Guide to Good Manufacturing Practice for Medicinal Products. It is also presently one of the largest TCM fingerprinting centres, equipped with the largest herb extraction and concentration facilities in Hong Kong. This plant presently has a floor area over 170,000 sq ft. Like the existing facility, the new factory will also be designed to meet high standards and attain certifications such as GMP under PIC/S Guide.

The Group believes that with the expanded production capacity, it can achieve a higher productivity through the greater economies of scale. More production lines for a wider range of Chinese medicines, nutraceutical health foods, dietary supplements and complementary medicines can be added, catering to the increasing product demands in its markets and also to the expected higher demand in China. Mr Eu concluded, “When fully developed, our new factory will enable us to meet the increasing production demand into the next decade.”

- The End -



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CORPORATE PROFILE

About Eu Yan Sang International Limited (SGX: EYSI)

Listed on the Singapore Exchange, Eu Yan Sang International Limited (Eu Yan Sang) is a trusted, global leading integrative healthcare and wellness company with a strong foundation in Traditional Chinese Medicine (TCM). Eu Yan Sang is an industry leader, and one of the largest TCM groups in South East Asia. It is at the forefront of adopting a modern and scientific approach in the production and retailing of both TCM and wellness products.

The Group has come a long way from its humble beginnings offering TCM remedies to tin mine coolies in Gopeng, Perak, Malaysia 133 years ago. Today, Eu Yan Sang is a household name in Asia with an unrivalled reputation as the leader in the TCM industry.

Eu Yan Sang's ability to control the total supply chain – from the sourcing of its raw materials to the production and distribution of its products and the provision of treatments gives the Group an excellent competitive edge in the industry. Manufacturing activities are carried out in two of its GMP-certified (Good Manufacturing Practices) factories located in Hong Kong and Malaysia.

Apart from retailing fine quality Chinese herbs and Chinese Proprietary Medicines, Eu Yan Sang also retails health foods and supplements. Currently, the Group offers more than 300 products under the Eu Yan Sang brand name and over 1,000 different types of Chinese herbs and other medicinal products.

Eu Yan Sang's wholly-owned Australian subsidiary, Healthy Life Group Pty Ltd, operates a chain of 81 Healthy Life stores and a distribution business which is one of the largest health food distributors in Australia. This business has over 25 years' experience in Australia, supplying in excess of 5 million products from 170 suppliers to more than 5,000 retailers in the health food, pharmacy and grocery retail segments.

As of 31 December 2012, Eu Yan Sang has an extensive distribution network comprising 298 retail outlets in China, Hong Kong, Macau, Malaysia, Singapore and Australia. Its products are available in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals, health clubs and spas worldwide. The Group also operates a chain of 26 TCM Clinics in Singapore and Malaysia, and 2 Integrative Medical Centres in Hong Kong.

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