

# Financial Statements

## Contents

Report of the Directors	<b>24</b>
Statement by Directors	<b>31</b>
Auditor's Report	<b>32</b>
Profit and Loss Accounts	<b>33</b>
Balance Sheets	<b>34</b>
Statements of Changes in Equity	<b>36</b>
Consolidated Statement of Cash Flow	<b>38</b>
Notes to the Financial Statements	<b>41</b>
<hr/>	
Proforma Group Profit and Loss Account	<b>67</b>
Proforma Group Balance Sheet	<b>68</b>
Notes to the Proforma Group Financial Statement	<b>69</b>

# Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the year ended 30 June 2001.

## Principal activities

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The subsidiary companies invest in properties, act as commission agents for all kinds of pharmaceutical products and are engaged in the manufacturing, distribution and sale of traditional Chinese, Western and other medicines.

There have been no significant changes in the nature of these activities during the year.

## Results for the financial year

	Group \$'000	Company \$'000
Net profit for the year	5,757	1,730
Dividends proposed, less tax	(1,132)	(1,132)
Retained profit transferred to revenue reserve	4,625	598

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been affected by any item, transaction or event of a material and unusual nature.

## Material movements in reserves and provisions

Detailed movements of reserves are shown in statements of changes in equity.

Apart from these movements, there have been no material transfers to and from reserves or provisions except for normal amounts set aside for such items as depreciation of fixed assets, provision for doubtful debts, stock obsolescence and income tax as disclosed in the financial statements.

## Dividend

During the year a final dividend of 10.5%, less tax of 25.5%, amounting to \$1,117,339 in respect of the previous year as proposed in the Report of the Directors of that year was paid.

The Directors propose a first and final dividend at 10.5%, less tax of 24.5% amounting to \$1,132,337 in respect of the financial year under review.

# Report of the Directors

## Share capital

During the financial year, the Company :

- (i) increased its authorised share capital from \$40,000,000, comprising 400,000,000 ordinary shares of \$0.10 each, to \$80,000,000 comprising 800,000,000 ordinary shares of \$0.10 each by creating additional 400,000,000 ordinary shares of \$0.10 each;
- (ii) issued 2,798,570 new ordinary shares of \$0.10 each at par in consideration for the acquisition of Essence Holdings Limited;
- (iii) subdivided each of the ordinary shares of \$0.10 each in the authorised and issued share capital of the Company into 2 ordinary shares of \$0.05 each; and
- (iv) issued 71,500,000 new ordinary shares of \$0.05 each at a premium of \$0.30 each pursuant to an initial public offering exercise.

## Acquisition and disposal of subsidiary companies

- (i) During the financial year, pursuant to a Restructuring Exercise undertaken on 3 July 2000, the Company acquired 63,804,085 ordinary shares of HK\$1.00 each in Essence Holdings Limited (“Essence”) from the other shareholders of Essence. The purchase consideration for Essence was computed based on its audited Group net asset value of HK\$1,303,546 as at 29 February 2000 and taking into account the 2,011,784 ordinary shares of Essence which were already held by the Company. The purchase consideration was satisfied by the allotment and issue of 2,798,570 new ordinary shares of \$0.10 each at par to the other shareholders of Essence.

On 10 July 2000, Essence was put into member’s voluntary liquidation. Upon completion of its liquidation on 14 September 2000, all its assets were distributed in specie to the Company. Subsidiary companies acquired by the Company pursuant to the restructuring exercise are as follows :

Name of companies	Interest acquired %
Essence Holdings Limited (Liquidated on 14 September 2000)	100
Eu Yang Sang (Hong Kong) Limited	100
Synco (H.K.) Limited	100
Eu Yan Sang (China Ventures) Limited	100
Top Lot Limited	100
Eu Yan Sang (Properties) Limited	100
Eu Yan Sang (Export) Limited	100

# Report of the Directors

## Acquisition and disposal of subsidiary companies (cont'd)

(ii) The following subsidiary companies were incorporated during the financial year :

Name of subsidiary companies	Group's interest therein %	Total share capital issued \$	Consideration \$
EYS Kanghong Herbal Pte Ltd	100	S\$2	S\$2
Applied Biomedical International Pte Ltd	100	S\$100,000	S\$100,000
Eu Yan Sang Australia Pty Ltd	75	S\$1,888,000 (A\$2,000,000)	S\$1,888,000 (A\$2,000,000)

(iii) The Company acquired the remaining 75% equity interest in Degree Achievement Sdn Bhd at a consideration of RM30 (S\$14), making Degree Achievement Sdn Bhd a wholly-owned subsidiary company of the Group. The net liabilities acquired is RM104,303 (S\$49,961).

(iv) There were no disposal of subsidiary companies during the financial year.

## Directors of the company

The names of the Directors of the Company in office at the date of this report are :-

Joseph William Yee Eu	(Chairman)
Richard Yee Ming Eu	(Managing Director)
Clifford Yee Fong Eu	(Executive Director)
Robert James Yee Sang Eu	
David Chung Woo Yeh	
Dr Jennifer Gek Choo Lee	
Dr David Yee Tat Eu	(alternate to Richard Yee Ming Eu)
Laurence Yee Lye Eu	(alternate to Clifford Yee Fong Eu)
Billy Wah Yan Ma	(alternate to Robert James Yee Sang Eu; appointed on 1.2.2001)

## Report of the Directors

### Directors of the company (cont'd)

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company, as stated below :-

Name of director	Held in the name of director			Deemed interest		
	At the beginning of the year	At date of appointment	At the end of the year	At the beginning of the year	At date of appointment	At the end of the year
	Shares of \$0.10 each	Shares of \$0.05 each	Shares of \$0.05 each	Shares of \$0.10 each	Shares of \$0.05 each	Shares of \$0.05 each
Richard Yee Ming Eu	12,085,206	–	–	21,908,183	–	72,322,249
Joseph William Yee Eu	5,288,076	–	10,859,964	–	–	–
Clifford Yee Fong Eu	4,510,773	–	2,595	32,133,407	–	72,741,414
Dr David Yee Tat Eu	–	–	–	21,908,183	–	44,992,180
Laurence Yee Lye Eu	–	–	–	32,133,407	–	65,991,414
Robert James Yee Sang Eu	–	–	–	10,698,324	–	21,970,828
David Chung Woo Yeh	–	–	–	–	5,665,526	5,665,526
Dr Jennifer Gek Choo Lee	–	–	100,000	–	–	–
Billy Wah Yan Ma	–	–	–	–	24,949,686	24,949,686

There is no change in any of the abovementioned Directors' interests between the end of the financial year and 21 July 2001.

No other Directors who held office at the end of the financial year had an interest in shares or debentures of the Company, or any of the subsidiary companies of the Company. By virtue of Section 7 of the Companies Act, Cap. 50, Richard Yee Ming Eu, Clifford Yee Fong Eu and Laurence Yee Lye Eu are deemed to have interest in the subsidiary companies of the Company.

Since the previous financial year, no Director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 except those disclosed in the financial statements.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# Report of the Directors

## **Audit Committee**

The Audit Committee comprises three members, two of whom are independent non-executive directors. The members of the Audit Committee at the date of this report are :

Dr Jennifer Gek Choo Lee           (Chairman)  
David Chung Woo Yeh  
Clifford Yee Fong Eu

The Audit Committee carried out its function in accordance with the Companies Act, Cap. 50. In performing its functions, the Committee reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. The Committee met with the internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal control. The Committee also reviewed the financial statements of the Group and the Company for the year and the auditors' report thereon.

The Committee has recommended to the Board of Directors the nomination of Ernst & Young for re-appointment as auditors of the Company at the forth coming Annual General Meeting.

## **Employee Share Option Scheme**

The Eu Yan Sang Employee Share Option Scheme ("ESOS") was approved by the shareholders at an Extraordinary General Meeting held on 3 July 2000. The ESOS will be granted to executive directors, executives, and other employees of the Group and associated companies.

Under the ESOS, the options will be granted at the average of the last dealt prices for the shares on the SGX-ST for the 10 consecutive market days immediately preceding the relevant date of grant for which there was trading in the shares on the SGX-ST or at a discount of not more than 20% of the market value.

The ESOS is administered by a committee comprising Richard Yee Ming Eu, Dr Jennifer Gek Choo Lee and Robert James Yee Sang Eu, all of whom are Directors of the Company. The committee has power to determine, inter alia, the persons to be granted options, the number of shares to be offered by way of options, the amount of discount to be given and recommendations for modifications to the ESOS. The Committee, in granting options, shall be at liberty to take into consideration factors including, but not limited to, rank and performance of the employees.

At the end of the financial year, no options has been granted pursuant to ESOS.

# Report of the Directors

## Asset values

Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that :-

- (a) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) any current assets which were unlikely to realise their book value in the ordinary course of business were written down to their estimated realisable values or adequate provision had been made for the difference between those values.

At the date of this report, the Directors are not aware of any circumstances which would render :-

- (a) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and
- (b) the values attributed to current assets in the financial statements of the Group misleading.

## Charges and contingent liabilities

Since the end of the financial year, no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person.

Since the end of the financial year, no contingent liability of the Company or any company in the Group has arisen, other than those disclosed in the notes to the financial statements.

No contingent or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

# Report of the Directors

## **Other circumstances affecting the financial statements**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company and of the Group which would render any amount stated in the financial statements of the Company and the Group misleading.

## **Unusual items after the financial year**

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

## **Auditors**

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

### **Richard Yee Ming Eu**

Director

### **Clifford Yee Fong Eu**

Director

Singapore

1 October 2001

## Statement by Directors

Pursuant to Section 201(15)

We, Richard Yee Ming Eu and Clifford Yee Fong Eu, being two of the Directors of Eu Yan Sang International Ltd, do hereby state that, in the opinion of the Directors :

- (i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flow together with the notes thereto, set out on pages 33 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2001, the results and changes in equity of the Company and of the Group and cash flow of the Group for the year then ended, and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

**Richard Yee Ming Eu**

Director

**Clifford Yee Fong Eu**

Director

Singapore

1 October 2001

# Auditor's Report

to the Members of Eu Yan Sang International Ltd

We have audited the financial statements of Eu Yan Sang International Ltd and the consolidated financial statements of the Group set out on pages 33 to 66, comprising the balance sheets of the Company and of the Group as at 30 June 2001, the profit and loss accounts and the statements of changes in equity of the Company and of the Group and statement of cash flow of the Group for the year ended 30 June 2001, and notes thereto. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of :
  - (i) the state of affairs of the Company and of the Group as at 30 June 2001, the results and changes in equity of the Company and of the Group and cash flow of the Group for the year ended on that date; and
  - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiary companies of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of those subsidiary companies audited by our associated firms and those audited by other firms are stated in Note 12.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of subsidiary companies incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

## **ERNST & YOUNG**

Certified Public Accountants

Singapore

1 October 2001

## Profit and Loss Accounts

for the year ended 30 June 2001

(In Singapore dollars)

	Note	Group		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Revenue</b>	3	82,340	35,439	4,923	3,204
Cost of sales		(39,962)	(18,911)	–	–
<b>Gross profit</b>		42,378	16,528	4,923	3,204
Other operating income		188	213	4	39
Distribution and selling expenses		(24,122)	(9,323)	–	–
Administrative expenses		(10,235)	(3,658)	(3,029)	(1,767)
Other operating expenses		(453)	(8)	–	–
<b>Operating profit</b>	4	7,756	3,752	1,898	1,476
Foreign exchange gain/(loss), net		702	2	678	(8)
Interest income	5	258	9	320	228
Interest expense	6	(951)	(735)	(580)	(546)
Share of associated companies' losses		(334)	–	–	–
<b>Profit before taxation</b>		7,431	3,028	2,316	1,150
Taxation	7	(1,674)	(813)	(586)	(378)
<b>Net profit for the year</b>		5,757	2,215	1,730	772
Basic earnings per share (cents)	9	2.01	2.12		

The accompanying notes form an integral part of the financial statements.

# Balance Sheets

as at 30 June 2001

(In Singapore dollars)

	Note	Group		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Non-current assets</b>					
Fixed assets	10	35,295	25,187	402	480
Deferred expenditure	11	4	72	–	–
Subsidiary companies	12	–	–	18,268	15,549
Associated companies	13	1,749	1,937	4,350	4,300
Investments	14	43	451	43	451
		37,091	27,647	23,063	20,780
<b>Current assets</b>					
Stocks	15	15,059	8,247	–	–
Trade debtors	16	4,907	883	–	–
Other debtors	17	3,764	1,352	193	718
Amounts due from related parties	18	–	2,207	–	522
Amounts due from subsidiary companies	19	–	–	21,973	6,758
Amount due from an associated company	20	11	–	7	–
Fixed banks deposits		6,854	110	5,110	–
Cash and bank balances		4,659	3,490	1,206	1,384
		35,254	16,289	28,489	9,382
<b>Deduct : Current liabilities</b>					
Amounts due to bankers	21	14,254	16,311	12,250	14,490
Trade creditors		5,386	4,598	–	–
Other creditors	22	3,381	1,674	542	372
Hire purchase creditors	23	89	65	53	53
Amount due to a related party	18	–	459	–	–
Amount due to a subsidiary company	24	–	–	1,888	2
Amount due to an associated company	20	–	2,150	–	2,150
Provision for taxation		1,587	695	131	218
Proposed dividend, net		1,132	1,117	1,132	1,117
		25,829	27,069	15,996	18,402
<b>Net current assets/(liabilities)</b>		9,425	(10,780)	12,493	(9,020)

## Balance Sheets

as at 30 June 2001

(In Singapore dollars)

	Note	Group		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Long-term liabilities</b>					
Bank loan, secured	25	239	320	–	–
Hire purchase creditors	23	369	295	216	269
Deferred taxation	26	146	39	18	–
		(754)	(654)	(234)	(269)
		45,762	16,213	35,322	11,491
<b>Equity</b>					
Share capital	27	14,284	10,429	14,284	10,429
Reserves	28	31,006	5,784	21,038	1,062
		45,290	16,213	35,322	11,491
<b>Minority interest</b>					
		472	–	–	–
		45,762	16,213	35,322	11,491

The accompanying notes form an integral part of the financial statements.

# Statements of Changes in Equity

for the year ended 30 June 2001

(In Singapore dollars)

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Share capital</b>				
Balance at beginning of year	10,429	10,429	10,429	10,429
Issuance of 2,798,570 ordinary shares of \$0.10 each pursuant to the acquisition of Essence Holdings Limited	280	–	280	–
Issuance of 71,500,000 ordinary shares of \$0.05 each at a premium of \$0.30 per share pursuant to the initial public offering	3,575	–	3,575	–
Balance at end of year	14,284	10,429	14,284	10,429
<b>Share premium</b>				
Balance at beginning of year	519	519	519	519
Issuance of 71,500,000 ordinary shares of \$0.05 each at a premium of \$0.30 per share pursuant to the initial public offering	21,450	–	21,450	–
Initial public offering expenses	(2,072)	–	(2,072)	–
Balance at end of year	19,897	519	19,897	519
<b>Asset revaluation reserve</b>				
Balance at beginning of year	3,915	4,064	–	–
Surplus/(deficit) on revaluation	717	(149)	–	–
Balance at end of year	4,632	3,915	–	–
<b>Capital reserve</b>				
Balance at beginning of year	–	–	–	–
Arising from the acquisition of Essence Holdings Limited	453	–	–	–
Balance at end of year	453	–	–	–

# Statements of Changes in Equity

for the year ended 30 June 2001

(In Singapore dollars)

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Foreign currencies translation reserve</b>				
Balance at beginning of year	(1,868)	(2,011)	–	–
Net movement	571	143	–	–
Balance at end of year	(1,297)	(1,868)	–	–
<b>Revenue reserve</b>				
Balance at beginning of year	3,218	4,438	543	888
Profit for the year	5,757	2,215	1,730	772
Goodwill arising on acquisition of subsidiary and associated companies written off	(522)	(2,318)	–	–
Dividends on ordinary shares less tax	(1,132)	(1,117)	(1,132)	(1,117)
Balance at end of year	7,321	3,218	1,141	543
<b>Total equity</b>	45,290	16,213	35,322	11,491

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Cash Flow

for the year ended 30 June 2001

(In Singapore dollars)

	2001 \$'000	2000 \$'000
<b>Cash flows from operating activities :</b>		
Operating income before taxation	7,431	3,028
Adjustments for :		
Amortisation of deferred expenditure	79	69
Depreciation of fixed assets	3,101	1,273
Profit on sale of fixed assets	(1)	(50)
Currency translation adjustments	(180)	19
Fixed assets written off	1	1
Interest expense	951	735
Interest income	(258)	(9)
Share of associated companies' losses	334	–
<b>Operating income before reinvestment in working capital</b>	11,458	5,066
Increase in debtors	(1,322)	(553)
(Decrease)/increase in creditors	(613)	1,482
Increase in stocks	(290)	(2,109)
Increase in amounts due from related parties, (net)	–	(1,618)
<b>Cash generated from operations</b>	9,233	2,268
Interest received	258	9
Interest paid	(951)	(735)
Income taxes paid	(1,361)	(593)
<b>Net cash provided by operating activities</b>	7,179	949
<b>Cash flows from investing activities :</b>		
Proceeds from sale of fixed assets	16	79
Purchase of fixed assets	(4,313)	(1,183)
Investment in associated companies	(146)	(4,300)
Investment in unquoted shares of a company	(43)	–
(Increase)/decrease in amounts due from associated companies (net)	(2,161)	2,150
Acquisition of subsidiary companies, net of cash and cash equivalent acquired	(1,020)	156
Payment of deferred expenditure	(11)	(6)
<b>Net cash used in investing activities</b>	(7,678)	(3,104)

# Consolidated Statement of Cash Flow

for the year ended 30 June 2001

(In Singapore dollars)

	2001 \$'000	2000 \$'000
<b>Cash flows from financing activities :</b>		
(Repayment of)/proceeds from short-term loans	(12,538)	2,000
Repayment of bank loan	(52)	(179)
Dividends paid	(1,117)	(38)
Proceeds from hire purchase creditors	98	226
Decrease in amount due from an associated company	–	209
Proceeds from issuance of shares pursuant to the initial public offerings	22,953	–
<b>Net cash provided by financing activities</b>	9,344	2,218
Net increase in cash and cash equivalents	8,845	63
Cash and cash equivalent at beginning of year (note 29)	2,244	2,181
<b>Cash and cash equivalent at end of year (note 29)</b>	11,089	2,244

## Consolidated Statement of Cash Flow

for the year ended 30 June 2001

(In Singapore dollars)

The acquisition of Essence Holdings Ltd Group of companies and Degree Achievement Sdn Bhd have been shown in the statement as a single item. The effect of the individual assets and liabilities is set out as below :

	<b>S'000</b>
Fixed assets	7,444
Stocks	6,522
Cash at bank	822
Debtors	5,103
Bank overdraft	(1,842)
Creditors	(3,108)
Amounts due to Eu Yan Sang International Ltd	(1,748)
Provision for taxation	(675)
Amounts due to bankers	(11,384)
	1,134
Capital reserve arising on acquisition of Essence Holdings Ltd	(453)
Goodwill arising on acquisition of Degree Achievement Sdn Bhd	50
Cost of investment in Essence Holdings Ltd prior to the acquisition of the remaining interest	(451)
Total consideration	280
Less : Shares issued by the Company	(280)
Consideration paid in cash	—
Less : Cash and cash equivalent acquired	(1,020)
Net cash and cash equivalent movement arising from acquisition of subsidiary companies	(1,020)

*The accompanying notes form an integral part of the financial statements.*

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 1. Corporate information

Eu Yan Sang International Ltd is a limited liability company which is incorporated in Singapore.

The registered office of Eu Yan Sang International Ltd is located at 269A South Bridge Road, Singapore 058818.

The financial statements of the Company and the consolidated financial statements of the Group are expressed in Singapore dollars.

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The subsidiary companies invest in properties, act as commission agents for all kinds of pharmaceutical products and are engaged in the distribution and sale of traditional Chinese, Western and other medicines. There have been no significant changes in the nature of these activities during the year.

The Group and Company employed 641 and 13 (2000 : 376 and 13) employees as at 30 June 2001 respectively.

## 2. Summary of significant accounting policies

### (a) Basis of preparation

The financial statements of the Company and of the Group are prepared under the historical cost convention modified by revaluation of certain fixed assets.

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard and applicable provisions of the Companies Act.

### (b) Basis of consolidation

The accounting year of the Company and all its subsidiary companies ends on 30 June and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies.

The results of subsidiary companies acquired or disposed of during the year are included in or excluded from the respective dates of acquisition or disposal, as applicable. When subsidiary companies are acquired, any excess of the consideration over the net assets at the date of acquisition is included in goodwill on consolidation and written off against Group reserves in the year in which it arises. Where the cost of acquisition of a subsidiary company is less than the fair value of the net assets acquired, the discount on acquisition is taken up as capital reserve. The name and principal activities of the subsidiary companies are indicated in note 12.

Assets, liabilities and results of overseas subsidiary companies are translated into Singapore dollars on the basis outlined in paragraph (k) below.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 2. Summary of significant accounting policies (cont'd)

### (c) Subsidiary companies

Investments in subsidiary companies are stated at cost. Provision is made for any permanent diminution in value.

### (d) Associated companies

Investments in associated companies are stated at cost. Provision is made for any permanent diminution in value.

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are recorded at cost and adjusted to recognise the Group's share of the net assets of the associated companies at the date of acquisition. The excess or deficit between the net assets of the associated companies and the consideration paid is adjusted against reserves in the year of acquisition.

The Group's share of the results of associated companies is included in the consolidated profit and loss account of the Group. The Group's share of the post-acquisition reserves of associated companies is included in investments in associated companies in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the associated companies concerned, made up as appropriate, to the end of the financial year.

### (e) Revenue recognition

Revenue from the sale of goods are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Rental income is recognised on an accrual basis. Dividend income is included to the extent of dividends declared during the year. Interest income is accrued on a day-to-day basis.

### (f) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to a working condition for its intended use including interests capitalised. Expenditure for additions, improvements and renewals are capitalised, and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account. Any surpluses held in asset revaluation reserves in respect of previous revaluations of fixed assets disposed of during the year are regarded as having become realised and are transferred to the profit and loss account.

Revaluation surpluses arising on valuations of the Group's properties are credited direct to asset revaluation reserves. Revaluation deficits are taken to the profit and loss account in the absence of or to the extent that they exceed any surpluses held in reserves relating to previous revaluations. Investment properties are revalued annually by the Directors. An independent professional valuation is conducted periodically based on an open market value basis.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 2. Summary of significant accounting policies (cont'd)

### (g) Deferred expenditure

Deferred expenditure comprises preproduction and preliminary expenses which are written off to profit and loss account on a straight line basis over a three-year period commencing from the date of commercial operations.

### (h) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in-first-out basis and in the case of finished products, includes direct labour and attributable production overheads based on a normal level of activity. Net realisable value is the estimated selling price less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

### (i) Deferred taxation

Deferred taxation is accounted for under the liability method whereby the tax charge for the year is based on the disclosed book profit after adjusting for all permanent differences. The amount of taxation deferred on account of all timing differences is reflected in the deferred taxation account. Deferred tax benefits are not recognised unless there is a reasonable expectation of their realisation.

### (j) Depreciation

Depreciation is calculated on the straight line method to write off the cost or valuation of fixed assets over their estimated useful lives. The estimated useful lives of fixed assets are as follows:-

Freehold and leasehold buildings	-	50 years
Furniture, fittings and equipment	-	3 - 5 years
Motor vehicles	-	5 years
Renovations	-	3 - 5 years
Plant and machineries	-	2 - 5 years

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Investment properties are stated at valuation and no depreciation were deemed necessary by the Directors of the Company.

### (k) Foreign currencies

Transactions arising in foreign currencies during the year are converted at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are converted into local currency at year-end exchange rates. All exchange differences arising from conversion are included in the profit and loss account.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary companies and associated companies are translated into Singapore dollars at exchange rates ruling at the balance sheet date and the results of foreign subsidiary companies and associated companies are translated at the average exchange rates. Exchange differences due to such currency translations are included in Group foreign currencies translation reserve.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 2. Summary of significant accounting policies (cont'd)

### (l) Leased assets

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalised under fixed assets as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. Depreciation on the relevant assets is charged to profit and loss account on the basis outlined in paragraph (j) above.

Annual rental on operating leases is charged to profit and loss account.

### (m) Investments in unquoted shares

Investment in unquoted shares held on a long term basis are stated at cost. Provision is made for any diminution in value which is considered to be permanent.

### (n) Cash and cash equivalents

Cash and cash equivalents consist of fixed bank deposits, cash at bank and in hand less bank overdrafts.

## 3. Revenue

Revenue for the Company represents dividends and management fees received from subsidiary and associated companies.

Revenue for the Group represents sales of goods at invoiced value less returns and trade discounts, remittance commission, management fees and rental income. It excludes intra-group transactions.

Revenue is analysed as follows :

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Dividend income from subsidiary companies	–	–	1,450	478
Management fees	3	1,648	3,473	2,726
Rental income	304	297	–	–
Remittance commission	61	6	–	–
Sales of goods	81,972	33,488	–	–
	82,340	35,439	4,923	3,204

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 4. Operating profit

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Operating profit is stated after charging/ (crediting) :				
Amortisation of deferred expenditure	79	69	–	–
Depreciation of fixed assets	3,101	1,273	143	140
Profit on sale of fixed assets	(1)	(50)	–	(39)
Fixed assets written off	1	1	–	–
Directors' emoluments	757	593	757	593
Auditors' remuneration :				
- Auditors of Company				
• audit fees	64	40	42	15
• non-audit fees	40	32	40	28
• prior year under provision of audit fees	24	–	27	–
- Other auditors				
• audit fees	115	20	–	–
Writeback of provision for amount				
owing by an associated company	–	(19)	–	–
Writeback of provision for doubtful debts	(13)	(12)	–	–
Bad debts written off	25	34	–	–
Stock written off	34	–	–	–
(Writeback of provision)/provision				
for stock obsolescence	(287)	24	–	–
Staff costs	16,443	5,912	1,678	1,072

Details of Directors' remuneration of the Company pursuant to the Singapore Exchange Securities Trading Limited's Listing rules are as follows:

### Number of Directors in remuneration bands

	2001	2000
\$500,000 and above	–	–
\$250,000 to \$499,999	1	1
Below \$250,000	9	8
Total	10	9

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 5. Interest income

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Interest earned from subsidiary companies	–	–	198	224
Interest earned from fixed deposits	200	5	122	4
Interest earned from current account	58	4	–	–
	258	9	320	228

## 6. Interest expense

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Interest on bank loan	106	56	–	–
Interest on bank overdrafts	37	131	–	–
Interest on hire purchase	14	12	11	10
Interest on short term loan	794	536	569	536
	951	735	580	546

## 7. Taxation

Provision for taxation in respect of profit for the year :

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Current taxation				
- Singapore	271	360	179	267
- Malaysia	430	513	389	111
- Hong Kong	1,003	–	–	–
Deferred taxation	107	(42)	18	–
Overprovision in respect of previous year	(137)	(18)	–	–
	1,674	813	586	378

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 7. Taxation (cont'd)

The taxation charge for the Group and the Company differs from the amount determined by applying the Singapore income tax rate of 24.5% (2000 : 25.5%) to the profits before tax because of non-deductible expenses, difference in tax rates applicable to overseas subsidiary companies, tax losses incurred by certain subsidiary company not available for set-off against the profits of other companies in the Group and certain subsidiary companies utilised the tax losses, unabsorbed capital allowances and reinvestment allowance to offset against the tax profits.

As at 30 June 2001, certain subsidiary companies have unutilised tax losses, unabsorbed capital allowances and reinvestment allowance amounting to approximately \$1,318,000 (2000 : \$1,602,000) available for setting-off against future taxable profit subject to the regulations and agreements by the relevant tax authorities.

## 8. Dividend

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Proposed final dividend of 10.5% or 0.525 cents per share less tax of 24.5% (2000 : 25.5%)	1,132	1,117	1,132	1,117

## 9. Earnings per share

	Group	
	2001 \$'000	2000 \$'000
Earnings after taxation	5,757	2,215
	'000	'000
Weighted average number of ordinary shares for calculation of basic earnings per share	285,673	104,288
	Cents	Cents
Basic earnings per share	2.01	2.12

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 10. Fixed assets

	Land and buildings						Total \$'000
	Freehold \$'000	Long-term leasehold \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Renovations \$'000	Plant and machineries \$'000	
<b>Group</b>							
Cost and valuation							
At 1 July 2000	4,400	18,037	4,401	1,053	1,063	1,573	30,527
Additions	49	–	3,414	230	555	65	4,313
Disposals	–	–	(240)	(21)	–	(38)	(299)
Fixed assets of subsidiary							
companies acquired	407	6,264	8,556	244	–	120	15,591
Surplus/(deficit) on valuation	806	(1,998)	–	–	–	–	(1,192)
Foreign currency translation adjustment	232	400	524	31	18	89	1,294
At 30 June 2001	5,894	22,703	16,655	1,537	1,636	1,809	50,234
Representing -							
Cost	–	–	16,655	1,537	1,636	1,809	21,637
Valuation	5,894	22,703	–	–	–	–	28,597
	5,894	22,703	16,655	1,537	1,636	1,809	50,234
Accumulated depreciation							
At 1 July 2000	32	64	3,261	435	583	965	5,340
Charge for the year	34	277	1,952	208	291	339	3,101
Disposals	–	–	(231)	(21)	–	(31)	(283)
Fixed assets of subsidiary							
companies acquired	–	1,430	6,409	207	–	101	8,147
Transfer to asset revaluation reserve	(68)	(1,841)	–	–	–	–	(1,909)
Foreign currency translation adjustment	2	70	386	21	8	56	543
At 30 June 2001	–	–	11,777	850	882	1,430	14,939
Charge for 2000	32	63	517	161	194	306	1,273

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 10. Fixed assets (cont'd)

	Land and buildings		Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Renovations \$'000	Plant and machineries \$'000	Total \$'000
	Freehold \$'000	Long-term leasehold \$'000					
Net book value							
At 30 June 2001	5,894	22,703	4,878	687	754	379	35,295
At 30 June 2000	4,368	17,973	1,140	618	480	608	25,187
				Motor vehicles \$'000	Furniture, fittings and equipment \$'000		Total \$'000
<b>Company</b>							
Cost							
At 1 July 2000				531	316		847
Additions				—	65		65
At 30 June 2001				531	381		912
Accumulated depreciation							
At 1 July 2000				106	261		367
Charge for the year				106	37		143
At 30 June 2001				212	298		510
Charge for 2000				106	34		140
Net book value							
At 30 June 2001				319	83		402
At 30 June 2000				425	55		480

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 10. Fixed assets (cont'd)

- (a) Included under long-term leasehold land and building is investment properties stated at valuation with a net book value of \$8,830,000 (2000 : \$8,830,000). The market value of investment properties was determined based on independent professional valuation carried out by Jones Lang LaSalle on 27 June 2001 on the basis of an open market value for existing use. The Directors are of the opinion that this value has not changed materially as at 30 June 2001.
- (b) Certain properties of the Group with net book value of \$26.8 million (2000 : \$20.9 million) have been mortgaged to secure bank credit facilities (notes 21 and 25).

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
(c) Net book value of fixed assets under hire purchase	396	466	319	425

## 11. Deferred expenditure

	Group	
	2001 \$'000	2000 \$'000
Cost	219	208
Less : Accumulated amortisation	(215)	(136)
	4	72

## 12. Subsidiary companies

	Company	
	2001 \$'000	2000 \$'000
Unquoted shares, at cost	18,268	15,549

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 12. Subsidiary companies

The subsidiary companies at 30 June are :-

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2001	2000	2001	2000
			\$'000	\$'000	%	%
Eu Yan Sang (Singapore) Private Limited	Singapore	Distribution and sale of traditional Chinese and other medicines	3,185	3,185	100	100
* Eu Yan Sang (Hong Kong) Limited	Hong Kong	Manufacturing, processing and sales of traditional Chinese medicines	731	—	100	—
* Eu Yan Sang (1959) Sdn Berhad	Malaysia	Distribution and sale of traditional Chinese and other medicines	4,381	4,381	100	100
Eu Realty (Singapore) Private Limited	Singapore	Property investment and sale of traditional Chinese and other medicines	7,866	7,866	100	100
* Weng Li Sendirian Berhad	Malaysia	Commission agent in all kinds of pharmaceutical products and manufacturer of medical pills and capsules	50	50	100	100
** Eu Yan Sang Heritage Sdn Bhd	Malaysia	Property investment and provision of management services	57	57	100	100
** Eu Yan Sang Marketing Private Limited	Singapore	Distribution of herbal products	10	10	100	100
* EYS Medical Services Limited (formerly known as EYS Corporation Limited)	Hong Kong	Dormant	@	@	100	100

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 12. Subsidiary companies (cont'd)

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2001 \$'000	2000 \$'000	2001 %	2000 %
# Eu Yan Sang Australia Pty Ltd	Australia	Investment holding	1,888	—	75	—
# EYS Kanghong Herbal Pte Ltd	Singapore	Dormant	@	—	100	—
# Applied Biomedical International Pte Ltd	Singapore	Provision of biomedical and applied life science technologies, products and services	100	—	100	—
** Degree Achievement Sdn Bhd	Malaysia	Property investment	@	—	100	25
<b>Held by subsidiary companies</b>						
** EYS Ventures Pte Ltd	Singapore	Remittance commission agent	—	—	100	100
* Eu Yan Sang (China Ventures) Limited	Hong Kong	Dormant	—	—	100	—
* Synco (H.K.) Limited	Hong Kong	Manufacturing, processing and sale of Western pharmaceutical products	—	—	100	—
* Tot Lot Limited	Hong Kong	General trading and provision of advertising agency	—	—	100	—
* Eu Yan Sang (Properties) Limited	Hong Kong	Property investment	—	—	100	—
* Eu Yan Sang (Export) Limited	The British Virgin Islands	Dormant	—	—	100	—

\* Audited by associated firms of Ernst & Young, Singapore

\*\* Audited by other firms

@ Denote amount less than \$1,000

# The subsidiary companies were incorporated during the financial year. Accordingly, audited financial statements for the financial period ended 30 June 2001 were not required by law of the respective countries of incorporation.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 12. Subsidiary companies (cont'd)

Pursuant to a restructuring exercise carried out prior to the Company's initial public offering, the Company acquired the remaining interest in Essence Holdings Limited ("Essence"), making Essence a wholly owned subsidiary company. Essence was subsequently put into member's voluntary liquidation on 10 July 2000. The liquidation was completed on 14 September 2000 and all the assets of Essence, including the shares of Eu Yan Sang (Hong Kong) Limited, were distributed in specie to the Company.

## 13. Associated companies

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Unquoted shares, at cost	4,446	4,300	4,350	4,300
Goodwill paid on subscription of shares in an associated company	(2,363)	(2,363)	–	–
	2,083	1,937	4,350	4,300
Share of post-acquisition losses of associated companies	(334)	–	–	–
	1,749	1,937	4,350	4,300

The associated companies as at 30 June are :

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2001 \$'000	2000 \$'000	2001 %	2000 %
<b>Associated companies</b>						
Oxford Natural Products Asia Private Limited	Singapore	Conduct laboratories and research in health and related products	4,300	4,300	45	45
Yin Yang Spa Pte Ltd	Singapore	To develop, manufacture and distribute Spa products and services	50	–	50	–
Chengdu Hua ShengHe Enterprise Company	People's Republic of China	To develop scientific-based herbal medicine	96	+	50	+

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 14. Investments

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Unquoted investment, at cost	43	–	43	–
Unquoted shares of Essence Holdings Limited, at cost	–	451	–	451
	43	451	43	451

## 15. Stocks

	Group	
	2001 \$'000	2000 \$'000
Raw materials	1,745	569
Work-in-progress	597	–
Finished goods	12,607	7,905
Packaging materials	503	70
	15,452	8,544
Provision for stocks obsolescence	(393)	(297)
	15,059	8,247
Analysis of provision for stock obsolescence :		
Balance at beginning of year	297	273
(Writeback)/charge to profit and loss	(287)	24
Arising from acquisition of subsidiary companies	356	–
Foreign currency translation adjustment	27	–
	393	297

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 16. Trade debtors

	Group	
	2001 \$'000	2000 \$'000
Trade debtors are stated after deducting provision for doubtful debts of	632	114
Analysis of provision for doubtful debts :		
Balance at beginning of year	114	125
Writeback to profit and loss account	(13)	(12)
Arising from acquisition of subsidiary companies	505	–
Foreign currency translation adjustment	26	1
Balance at end of year	632	114
Bad debts written off directly to profit and loss account	25	34

## 17. Other debtors

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Sundry deposits	2,322	451	1	5
Prepaid expenses	1,157	622	35	546
Tax recoverable	117	106	106	106
Sundry debtors	168	173	51	61
	3,764	1,352	193	718

## 18. Amounts due from/(to) related parties

Related parties are Essence Holdings Limited Group of companies which certain directors have substantial financial interests. These companies were acquired by the Company during the year pursuant to a restructuring exercise. Consequently, these companies become wholly-owned subsidiary companies of the Company and the amounts due from/(to) related parties were reclassified to amounts due from/(to) subsidiary companies.

Amounts due from/(to) related parties are trade related, interest-free and have no fixed terms of repayment.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 19. Amounts due from subsidiary companies

	Company	
	2001 \$'000	2000 \$'000
Amounts owing by subsidiary companies	16,681	1,528
Loans to subsidiary companies	4,506	5,148
Dividend receivable	1,054	350
	22,241	7,026
Provision for amount owing by a subsidiary company	(268)	(268)
	21,973	6,758

The amounts owing by subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

The loans to subsidiary companies are unsecured, bear interest between 3.99% to 4.60% (2000 : 3.68% to 4.84%) per annum and have no fixed terms of repayment.

## 20. Amounts due from/(to) associated companies

Amount due from an associated company is non-trade related, unsecured, interest-free and has no fixed term of repayment.

Amount due to an associated company is unsecured, interest-free and is repayable within three months after balance sheet date.

## 21. Amounts due to bankers

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Bank loan, secured (note 25)	244	215	—	—
Bank overdraft, secured	424	1,356	—	—
Short term loans				
- secured	12,086	13,740	10,750	13,490
- unsecured	1,500	1,000	1,500	1,000
	14,254	16,311	12,250	14,490

The amounts due to bankers bear interest between 3.45% to 10.0% (2000 : 2.75% to 5.2%) per annum, and are secured by certain properties of the Group (Note 10).

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 22. Other creditors

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Accrued expenses	1,367	920	324	249
Sundry provisions	1,644	443	209	117
Sundry creditors	370	311	9	6
	3,381	1,674	542	372

## 23. Hire purchase creditors

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Repayable within one year	89	65	53	53
Repayable after one year	369	295	216	269
	458	360	269	322

	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	2001 \$'000	2001 \$'000	2000 \$'000	2000 \$'000
<b>Group</b>				
Within one year	107	89	73	65
After one year but not more than five years	437	369	356	295
Total minimum lease payments	544	458	429	360
Less : Amounts representing finance charges	(86)	–	(69)	–
Present value of minimum lease payments	458	458	360	360

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 23. Hire purchase creditors (cont'd)

	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	2001 \$'000	2001 \$'000	2000 \$'000	2000 \$'000
<b>Company</b>				
Within one year	64	53	64	53
After one year but not more than five years	258	216	321	269
Total minimum lease payments	322	269	385	322
Less : Amounts representing finance charges	(53)	—	(63)	—
Present value of minimum lease payments	269	269	322	322

The average discount rate implicit in the Group's and the Company's hire purchases ranges from 2.6% to 2.8% (2000 : 2.7% to 2.8%) and 2.7% to 2.8% (2000 : 2.7% to 2.8%) per annum respectively.

## 24. Amount due to a subsidiary company

Amount due to a subsidiary company relates to monies payable to a subsidiary company for the application of the subsidiary company's ordinary shares.

## 25. Bank loans, secured

	Group	
	2001 \$'000	2000 \$'000
Repayable within 12 months (note 21)	244	215
Repayable after 12 months	239	320
	483	535

The bank loans which are secured by certain properties of the Group bear interest at 1.75% (2000 : 1.75% to 2.00%) per annum above prevailing prime rate and are repayable over a period of 5 years by 60 monthly instalments.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 26. Deferred taxation

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance at beginning of year	39	81	–	–
Provided/(writeback) during the year (note 7)	107	(42)	18	–
Balance at end of year	146	39	18	–

The deferred taxation arises as a result of excess of net book value over tax written down value of fixed assets.

## 27. Share capital

	Group and Company			
	2001		2000	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Authorised :				
Balance at beginning of year				
Ordinary shares of \$0.10 each	400,000	40,000	400,000	40,000
Creation of 400,000,000 ordinary shares of \$0.10 each	400,000	40,000	–	–
	800,000	80,000	400,000	40,000
Sub-division of each of the ordinary shares of \$0.10 each into 2 ordinary shares of \$0.05 each				
	1,600,000	80,000	–	–
Balance at end of year				
Ordinary shares of \$0.05 (2000 : \$0.10) each	1,600,000	80,000	400,000	40,000
Issued and fully paid :				
Balance at beginning of year				
Ordinary shares of \$0.10 each	104,288	10,429	104,288	10,429
Issuance of new shares of \$0.10 each pursuant to the acquisition of Essence Holdings Limited	2,798	280	–	–
	107,086	10,709	104,288	10,429

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 27. Share capital (cont'd)

	Group and Company			
	2001		2000	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Sub-division of each of the ordinary shares of \$0.10 each into 2 ordinary shares of \$0.05 each	214,173	10,709	–	–
Issuance of new shares of \$0.05 for cash at a premium of \$0.30 each pursuant to an initial public offering	71,500	3,575	–	–
Balance at end of year				
Ordinary shares of \$0.05 (2000 : \$0.10) each	285,673	14,284	104,288	10,429

## 28. Reserves

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Share premium	19,897	519	19,897	519
Asset revaluation reserve	4,632	3,915	–	–
Capital reserve	453	–	–	–
Foreign currency translation reserve	(1,297)	(1,868)	–	–
Revenue reserve	7,321	3,218	1,141	543
Total reserve	31,006	5,784	21,038	1,062
Made up of :				
Distributable reserve	6,024	1,350	1,141	543
Non-distributable reserves	24,982	4,434	19,897	519
	31,006	5,784	21,038	1,062

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 29. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts :

	Group	
	2001 \$'000	2000 \$'000
Cash and bank balances	4,659	3,490
Bank overdrafts (note 21)	(424)	(1,356)
Fixed bank deposits	6,854	110
	11,089	2,244

## 30. Lease commitments

Rental expense for retail outlets of the Group was \$7,531,628 (2000 : \$2,023,958) for the year. Future minimum lease rental under non-cancellable leases are as follows as of 30 June :

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Within one year	2,095	1,353	—	—
After one year but not more than 5 years	4,730	619	—	—
	6,825	1,972	—	—

## 31. Capital commitments

(a) The following are commitments for capital expenditure that have not been provided for in the financial statements :

	Group	
	2001 \$'000	2000 \$'000
Authorised and contracted for	395	—

(b) On 18 May 2001, the Company signed a subscription agreement to subscribe for 42,857 ordinary shares of \$1.00 each at a premium of \$14 per share, representing 30% of the paid up share capital of Herose Pharma International Pte Ltd ("HPI"), a company incorporated in Singapore. Under the subscription agreement, the Company will progressively subscribe for the 42,875 new ordinary shares of HPI. As at 30 June 2001, the Company holds 2,857 ordinary shares of HPI representing 2.78% interest in HPI. The consideration for the subscription of the remaining 40,000 ordinary shares of HPI will amount to \$600,000.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 32. Related party transactions

The Company and the Group have the following transactions with subsidiary companies and related parties at rates and terms agreed between the parties :

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Dividend income from subsidiary companies	–	–	(1,450)	(478)
Interest received from subsidiary companies	–	–	(198)	(224)
Management fee received from subsidiary companies	–	–	(3,470)	(1,225)
Management fee received from a associated company	(3)	–	(3)	–
Rental paid to a subsidiary company	–	–	89	54
Management fee received from related parties	–	(1,648)	–	(1,501)
Sales of goods to related parties	–	(2,665)	–	–
Purchase of goods from related parties	–	916	–	–

## 33. Contingent liabilities

	Company	
	2001 \$'000	2000 \$'000
Contingent liabilities not provided in the financial statements :		
Corporate guarantees given to bankers for credit facilities granted to subsidiary companies	3,500	4,500

As at 30 June 2001, \$1,250,000 (2000 : \$1,050,000) of the credit facilities were utilised by the subsidiary companies.

## 34. Segment reporting

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. TCM relates to manufacturing, processing and sales of traditional Chinese medicines whilst Ethical Drugs relates to the manufacturing and sales of Western pharmaceutical products. The other segment includes the provision of rental of premises, remittance services and management services.

Segment accounting policies are the same as the policies described in Note 2. The Group generally account for inter-segments sales and transfers as if the sales or transfers were to third parties at current market prices.

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 34. Segment reporting (cont'd)

The following tables present revenue and net income information for the Group's industry segment for the years ended 30 June 2000 and 30 June 2001 and certain asset and liability information regarding the Group's industry segment as at 30 June 2000 and 30 June 2001 :

	TCM \$'000	Ethical Drugs \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Business segments</b>					
<b>2001</b>					
<b>Revenue and expenses</b>					
Sales to external customers	75,441	6,531	368	–	82,340
Inter-segment sales	7,649	–	–	(7,649)	–
<b>Total sales</b>	<b>83,090</b>	<b>6,531</b>	<b>368</b>	<b>(7,649)</b>	<b>82,340</b>
Segment results	9,023	1,121	2,224	(4,612)	7,756
Foreign exchange gain, net					702
Interest income					258
Interest expense					(951)
Share of associated companies' results					(334)
Net profit before taxation					7,431
Taxation					(1,674)
Profit for the year					5,757
<b>Assets and liabilities</b>					
Segment assets	41,262	6,218	24,865	–	72,345
Segment liabilities	8,166	556	14,996	–	23,718
<b>Other segment information :</b>					
Capital expenditure	3,766	168	379	–	4,313
Depreciation of fixed assets	2,448	349	304	–	3,101
Amortisation of deferred expenditure	79	–	–	–	79

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 34. Segment reporting (cont'd)

	TCM \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>2000</b>				
<b>Revenue and expenses</b>				
Sales to external customers	30,823	303	–	31,126
Related party	2,665	1,648	–	4,313
Inter-segment sales	4,618	1,833	(6,451)	–
<b>Total sales</b>	<b>38,106</b>	<b>3,784</b>	<b>(6,451)</b>	<b>35,439</b>
Segment results	4,020	1,832	(2,100)	3,752
Foreign exchange gain, net				2
Interest income				9
Interest expense				(735)
<b>Net profit before taxation</b>				<b>3,028</b>
Taxation				(813)
<b>Profit for the year</b>				<b>2,215</b>
<b>Assets and liabilities</b>				
Segment assets	26,209	17,727	–	43,936
Segment liabilities	6,470	19,402	–	25,872
<b>Other segment information :</b>				
Capital expenditure	1,115	68	–	1,183
Depreciation	976	297	–	1,273
Amortisation	69	–	–	69

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 34. Segment reporting (cont'd)

	Singapore \$'000	Malaysia \$'000	Hong Kong \$'000	Eliminations \$'000	Consolidated \$'000
<b>Geographical segments</b>					
<b>2001</b>					
External sales	17,286	18,159	46,895	–	82,340
Inter-segment sales	2,932	4,158	559	(7,649)	–
<b>Total sales</b>	<b>20,218</b>	<b>22,317</b>	<b>47,454</b>	<b>(7,649)</b>	<b>82,340</b>
Segment assets	31,834	16,145	24,366	–	72,345
Capital expenditure	1,262	851	2,200	–	4,313
<b>2000</b>					
External sales		15,440	15,686	–	31,126
Related parties		4,166	147	–	4,313
Inter-segment sales		2,215	4,236	(6,451)	–
<b>Total sales</b>		<b>21,821</b>	<b>20,069</b>	<b>(6,451)</b>	<b>35,439</b>
Segment assets		29,108	14,828	–	43,936
Capital expenditure		487	696	–	1,183

# Notes to the Financial Statements

for the year ended 30 June 2001

(In Singapore dollars)

## 35. Subsequent events

- (a) On 20 July 2001, Eu Yan Sang Australia Pty Ltd entered into an agreement with the existing shareholders of Natural Health Therapies Pty Limited ("NHT"), a company incorporated in Australia, to subscribe for 510,000 new shares in the share capital of NHT, representing 51% of NHT's enlarged issued share capital, at a consideration of A\$1,000,000 (S\$944,000).

The goodwill arising from the subscription of NHT shares is approximately A\$478,948 (S\$452,127).

- (b) On 27 August 2001, Eu Yan Sang Australia Pty Ltd entered into an agreement with an existing shareholder of Aroma Fresh Pty Ltd ("Aroma Fresh"), a company incorporated in Australia, to acquire 50% interest in Aroma Fresh at a consideration of A\$130,000 (S\$112,320).

The goodwill arising from the acquisition of Aroma Fresh shares is approximately A\$106,382 (S\$91,914).

- (c) On 5 September 2001, Eu Realty (Singapore) Private Limited entered into an agreement with the existing shareholders of Botanical Health Resources, Inc ("BHR"), a company incorporated in United States, to subscribe for new shares, representing 48.5% interest in BHR's enlarged issued share capital at a consideration which will be determined at a later date.

The consideration together with a loan from Eu Realty (Singapore) Private Limited to BHR will amount to US\$2,350,000 (S\$4,131,300). The quantum of the loan is dependent on the consideration to be determined.

## 36. Comparative figures

The presentation and classification of items in the financial statements have been changed to comply with the requirements of SAS 1 (Revised 1999) - Presentation of financial statements. As a result, additional line items have been included in the profit and loss account and a new statement of changes in equity has been presented as required by SAS 1 (Revised 1999). Accordingly, comparative figures have been restated to provide a proper comparison with the current year's presentation.

# Proforma Group Profit and Loss Account

for the year ended 30 June 2001

(In Singapore dollars)

	Note	Actual 2001 \$'000	Proforma 2000 \$'000
<b>Revenue</b>		82,340	72,098
Cost of sales		(39,962)	(35,560)
<b>Gross profit</b>		42,378	36,538
Other operating income		188	347
Distribution and selling expenses		(24,122)	(18,666)
Administrative expenses		(10,235)	(9,880)
Other operating expenses		(453)	(14)
<b>Operating profit</b>		7,756	8,325
Foreign exchange gain, net		702	36
Interest income		258	76
Interest expense		(951)	(1,121)
Share of associated companies' losses		(334)	–
<b>Profit before taxation</b>		7,431	7,316
Taxation		(1,674)	(1,557)
<b>Net profit for the year</b>		5,757	5,759
Basic earnings per share (cents)	4	2.01	2.69

# Proforma Group Balance Sheet

as at 30 June 2001

(In Singapore dollars)

	Actual 2001 \$'000	Proforma 2000 \$'000
<b>Non-current assets</b>		
Fixed assets	35,295	32,226
Deferred expenditure	4	72
Associated companies	1,749	1,937
Investments	43	–
	37,091	34,235
<b>Current assets</b>		
Stocks	15,059	14,767
Trade debtors	4,907	3,386
Other debtors	3,764	3,495
Amount due from an associated company	11	–
Fixed banks deposits	6,854	174
Cash and bank balances	4,659	4,251
	35,254	26,073
<b>Deduct : Current liabilities</b>		
Amounts due to bankers	14,254	29,254
Trade creditors	5,386	5,844
Other creditors	3,381	2,950
Hire purchase creditors	89	65
Amount due to an associated company	–	2,150
Provision for taxation	1,587	1,357
Proposed dividend, net	1,132	1,117
	25,829	42,737
<b>Net current assets/(liabilities)</b>	9,425	(16,664)
<b>Long-term liabilities</b>		
Bank loan, secured	239	320
Hire purchase creditors	369	295
Deferred taxation	146	39
	(754)	(654)
	45,762	16,917
<b>Equity</b>		
Share capital	14,284	10,709
Reserves	31,006	6,208
	45,290	16,917
<b>Minority interest</b>	472	–
	45,762	16,917

# Notes to the Proforma Group Financial Statement

30 June 2001

## 1. Basis of presentation of Proforma Group financial statements for the year ended 30 June 2000

The financial information set out in the Proforma financial statements for the year ended 30 June 2000 is based on the audited financial statements of the companies that comprise the Proforma Group for the financial year ended 30 June 2000. It has been prepared in accordance with the accounting policies set out in the notes to the financial statements and on the basis that the Proforma Group, as reconstructed pursuant to the Restructuring Exercise carried out prior to the initial public offering had been in existence throughout the year ended 30 June 2000.

## 2. Reconciliation of 2000 Proforma Group financial statements to actual financial statements

### (a) Revenue

	Actual 2001 \$'000	Proforma 2000 \$'000
As reflected in the Actual/Proforma financial statements	83,340	72,098
Add : Revenue earned from Essence Holdings Limited Group of companies for the year ended 30 June 2000	–	4,313
Less : Revenue of the Essence Holdings Limited Group of companies for the year ended 30 June 2000	–	(40,972)
As reflected in the Actual financial statements	83,340	35,439

### (b) Profit before taxation

	Actual 2001 \$'000	Proforma 2000 \$'000
As reflected in the Actual/Proforma financial statements	7,431	7,316
Less : Pre-acquisition profit of Essence Holdings Limited Group of companies for the year ended 30 June 2000	–	(4,288)
As reflected in the Actual financial statements	7,431	3,028

### (c) Taxation

	Actual 2001 \$'000	Proforma 2000 \$'000
As reflected in the Actual/Proforma financial statements	1,674	1,557
Less : Income tax of Essence Holdings Limited Group of companies for the year ended 30 June 2000	–	(744)
As reflected in the Actual financial statements	1,674	813

# Notes to the Proforma Group Financial Statement

30 June 2001

## 3. Segment report

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. TCM relates to manufacturing, processing and sales of traditional Chinese medicines whilst Ethical Drugs relates to the manufacturing and sales of Western pharmaceutical products. The other segment includes the provision of rental of premises, remittance services and management services.

Segment accounting policies are the same as the policies described in Note 2. The Group generally account for inter-segments sales and transfers as if the sales or transfers were to third parties at current market prices.

The following tables present revenue and net income information for the Group's industry segment for the years ended 30 June 2000 and 30 June 2001 and certain asset and liability information regarding the Group's industry segment as at 30 June 2000 and 30 June 2001 :

	TCM \$'000	Ethical Drugs \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Business segments</b>					
<b>Actual 2001</b>					
<b>Revenue and expenses</b>					
Sales to external customers	75,441	6,531	368	–	82,340
Inter-segment sales	7,649	–	–	(7,649)	–
<b>Total sales</b>	<b>83,090</b>	<b>6,531</b>	<b>368</b>	<b>(7,649)</b>	<b>82,340</b>
Segment results	9,023	1,121	2,224	(4,612)	7,756
Foreign exchange gain, net					702
Interest income					258
Interest expense					(951)
Share of associated companies' results					(334)
Net profit before taxation					7,431
Taxation					(1,674)
Profit for the year					5,757
<b>Assets and liabilities</b>					
Segment assets	41,262	6,218	24,865	–	72,345
Segment liabilities	8,166	556	14,996	–	23,718

# Notes to the Proforma Group Financial Statement

30 June 2001

## 3. Segment report (Cont'd)

	TCM \$'000	Ethical Drugs \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
<b>Other segment information :</b>					
Capital expenditure	3,766	168	379	–	4,313
Depreciation of fixed assets	2,448	349	304	–	3,101
Amortisation of deferred expenditure	79	–	–	–	79
<b>Business segments</b>					
<b>Proforma 2000</b>					
<b>Revenue and expenses</b>					
Sales to external customers	65,234	6,562	302	–	72,098
Inter-segment sales	8,198	–	–	(8,198)	–
Total sales	73,432	6,562	302	(8,198)	72,098
Segment results	9,211	1,211	1,707	(3,804)	8,325
Foreign exchange gain, net					36
Interest income					76
Interest expense					(1,121)
Net profit before taxation					7,316
Taxation					(1,557)
Profit for the year					5,759
<b>Assets and liabilities</b>					
Segment assets	39,889	4,676	15,743	–	60,308
Segment liabilities	21,054	384	19,440	–	40,878
<b>Other segment information :</b>					
Capital expenditure	1,510	103	69	–	1,682
Depreciation of fixed assets	2,550	246	298	–	3,094
Amortisation of deferred expenditure	69	–	–	–	69

# Notes to the Proforma Group Financial Statement

30 June 2001

## 3. Segment report (Cont'd)

	Singapore \$'000	Malaysia \$'000	Hong Kong \$'000	Eliminations \$'000	Consolidated \$'000
<b>Geographical segments</b>					
<b>Actual 2001</b>					
External sales	17,286	18,159	46,895	–	82,340
Inter-segment sales	2,932	4,158	559	(7,649)	–
<b>Total sales</b>	<b>20,218</b>	<b>22,317</b>	<b>47,454</b>	<b>(7,649)</b>	<b>82,340</b>
Segment assets	31,834	16,145	24,366	–	72,345
Capital expenditure	1,262	851	2,200	–	4,313
<b>Geographical segments</b>					
<b>Proforma 2000</b>					
External sales	15,440	15,686	40,972	–	72,098
Inter-segment sales	3,177	4,105	916	(8,198)	–
<b>Total sales</b>	<b>18,617</b>	<b>19,791</b>	<b>41,888</b>	<b>(8,198)</b>	<b>72,098</b>
Segment assets	26,522	14,759	19,027	–	60,308
Capital expenditure	487	696	499	–	1,682

## 4 Earnings per share

	Actual 2001 \$'000	Proforma 2000 \$'000
Earnings after taxation	5,757	5,759
Weighted average number of ordinary shares for calculation of basic earnings per share	285,673	214,173
	cents	cents
Basic earnings per shares	2.01	2.69

## Portfolio of Properties

Properties/ Location	Tenure	Floor Area (sq ft)	Usage
<b>Properties occupied by the Group</b>			
<b>Singapore</b>			
269 South Bridge Road	Lot 99871A 999 years from 1/10/1823 Lot 99869K, 99868A & 99866P 999 years from 1/10/1827	15,048	Shop/ office
<b>Malaysia</b>			
Nos. 9 & 11 Jalan Petaling Kuala Lumpur	Freehold	5,464	Shop/ office/ warehouse
Nos 22 & 23 Jalan Dato Bandar Tunggal Negeri Sembilan	Freehold	13,263	Shop
No. 1 SS 2/67 SEA Park Petaling, Jaya Selangor	Freehold	5,100	Shop/ office
Nos 36 & 38 Leech Street, Ipoh Perak	Freehold	5,880	Shop/ warehouse
No. 2 Jalan Othman Talib & No 1 Lorong Iskandar Shah, Ipoh Perak	Freehold	4,140	Shop/ warehouse
No. 98 Jalan Idris Kampar	Freehold	4,600	Shop/ warehouse
No. 156 Lebu Chulia Georgetown, Pulau Pinang	Freehold	18,800	Shop/ office/ warehouse
Lot No. LG15, Lower Ground floor The Summit, Subang	Freehold	778	Shop
No 4 Persiaran 1/118C, Desa Tun Razak Industrial Park II Cheras	99 years lease expiring on 20/3/2085	11,360	Factory
Unit 77 Block 1, Kompleks Bukit Jambul	Freehold	2,612	Shop/ office
<b>Hong Kong</b>			
3rd floor, Units B & F 4th floor, Unit F 10th floor, Sunview Industrial Building No 3 On Yip Street, Chai Wan	75 years lease from 1/1/63; renewable for a further 75 years	40,989	Office/ factory/ laboratory/ warehouse
Ground floor, 192 Lai Chi Kok Road Shamshuipo Kowloon	75 years lease from 23/3/1923; renewable for a further 75 years	617	Shop
<b>Investment Properties</b>			
<b>Singapore</b>			
265 South Bridge Road	999 years from 1/10/1823	5,590	Shop/office
273 South Bridge Road	999 years from 1/10/1823	10,027	Shop/office
<b>Malaysia</b>			
No 2 Persiaran 1/118C, Desa Tun Razak Industrial Park II Cheras	99 years lease expiring on 20/3/2085	7,200	Factory
Lot B1-36 Lower Ground floor, Skudai Parade Johor Bahru	Freehold	415	Shop

## Shareholders' Information

as at 28 September 2001

Authorised share capital	:	\$80,000,000
Issued and fully paid-up capital	:	\$14,283,657.90
Class of shares	:	Ordinary share of \$0.05 each
Voting rights	:	One vote for each share

### Size of Shareholdings

	No. of shareholders	%	No. of shares	%
1 - 1,000	3,958	60.01	3,957,377	1.39
1,001 - 10,000	1,954	29.62	8,290,328	2.90
10,001 - 1,000,000	658	9.98	50,586,566	17.71
1,000,001 and above	26	0.39	222,838,887	78.00
<b>Total</b>	<b>6,596</b>	<b>100.00</b>	<b>285,673,158</b>	<b>100.00</b>

### Substantial Shareholders as at 28 September 2001

(as recorded in the Register of Substantial Shareholders)

	No. of shares of \$0.05 each fully paid			
	Direct interest	%	Deemed interest	%
Euco Investments Pte Ltd	47,286,814	16.55	16,980,000	5.94
Ridalege Investments Pte Ltd	37,162,275	13.01	6,654,091	2.33
Bestand Development Corporation	—	—	21,970,828	7.69
Richard Yee Ming Eu	—	—	72,322,249	25.32
Clifford Yee Fong Eu	2,595	*	72,741,414	25.46
Laurence Yee Lye Eu	—	—	65,991,414	23.10
Dr David Yee Tat Eu	—	—	44,992,180	15.75
Geoffrey Yee Kwong Eu	—	—	47,844,326	16.75
Helena Eu	—	—	44,992,180	15.75

\* Insignificant

#### Notes:

- (i) Overseas Union Bank Nominees (Pte) Ltd holds an aggregate of 57,566,306 shares in trust for Euco Investment Pte Ltd ("Euco"), Ridalege Investments Pte Ltd, Richard Yee Ming Eu, Clifford Yee Fong Eu and Geoffrey Yee Kwong Eu respectively which are included in their deemed interests. Euco's deemed interest also includes 3,000,000 shares held in trust by Southern Nominees (S) Sdn Bhd. The deemed interest of Bestand Development Corporation relates to shares held in trust by United Overseas Bank Nominees (Pte) Ltd.
- (ii) Clifford Yee Fong Eu and Laurence Yee Lye Eu are deemed interested in all the shares held by Euco and 1,724,600 shares held by Woldseth Corporation Inc by virtue of Section 7 of the Companies Act, Chapter 50.
- (iii) Richard Yee Ming Eu, Geoffrey Yee Kwong Eu, Dr David Yee Tat Eu and Helena Eu are deemed interested in the shares held by Ridalege Investments Pte Ltd and 1,175,814 shares held by Ridalege Hong Kong Limited by virtue of Section 7 of the Companies Act, Chapter 50.

# Shareholders' Information

as at 28 September 2001

## Twenty Largest Shareholders As At 28 September 2001

No.	Name	No. of shares	%
1	Overseas Union Bank Nominees Pte Ltd	60,195,306	21.07
2	Euco Investments Pte Ltd	47,286,814	16.55
3	Ridalege Investments Pte Ltd	37,162,275	13.01
4	United Overseas Bank Nominees Pte Ltd	24,248,018	8.49
5	Joseph William Yee Eu	10,859,964	3.80
6	Universal International Investment Limited	5,665,526	1.98
7	HSBC (Singapore) Nominees Pte Ltd	4,800,612	1.68
8	G K Goh Stockbrokers Pte Ltd	4,189,000	1.47
9	Southern Nominees (S) Sdn Bhd	3,000,000	1.05
10	Eu Keng Iu Roy And Eu Yan Wai Hing Virginia	2,471,434	0.87
11	Phillip Securities Pte Ltd	2,243,000	0.79
12	Lee Mui Gek Pauline	2,000,000	0.70
13	Great Expectations Investments Inc	1,873,848	0.66
14	William R Hambrecht	1,873,848	0.66
15	Woldseth Corporation Inc	1,724,600	0.60
16	Lee Mon-Pi Mrs San Mun Onn @ Hedy Lee	1,606,382	0.56
17	Boon Suan Lee Nee Liong Mee San	1,454,000	0.51
18	Ng Tee Khiang	1,261,508	0.44
19	Ridalege Hong Kong Limited	1,175,814	0.41
20	Eu Iu Sui	1,150,000	0.40
	Total	216,241,949	75.70

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at ASIAN Restaurant & Bar No. 50 Eu Tong Sen Street, Singapore 059803 on 15 November 2001 at 3.00 p.m. for the following purposes:

## **AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2001 together with the Auditors' Reports thereon. (Resolution 1)
2. To declare a first and final dividend of 10.50% (or 0.525 cents per share) less tax at 24.5% for the year ended 30 June 2001. (Resolution 2)
3. To re-elect Mr Clifford Yee Fong Eu who is retiring as a Director pursuant to Article 109 of the Company's Articles of Association. (Resolution 3)

*Mr Clifford Yee Fong Eu will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered non-independent for the purposes of Clause 902(4)(a) of Listing Manual of the Singapore Exchange Securities Trading Limited.*

4. To consider and if thought fit, to pass the following resolutions pursuant to Section 153(6) of the Companies Act, Chapter 50:
  - (a) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Joseph William Yee Eu be re-appointed as a Director of the Company to hold office until the next Annual General Meeting. [see Explanatory Note (i)] (Resolution 4)
  - (b) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr David Chung Woo Yeh be re-appointed as a Director of the Company to hold office until the next Annual General Meeting. [see Explanatory Note (i)] (Resolution 5)

*Mr David Chung Woo Yeh will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of Listing Manual of the Singapore Exchange Securities Trading Limited.*

5. To approve the payment of Directors' fees of S\$76,000 for the year ended 30 June 2001. (2000: Nil) (Resolution 6)
6. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)
7. To transact any other business that may be transacted at an Annual General Meeting.

# Notice of Annual General Meeting

## AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:
- (a) "That pursuant to Section 161 of the Companies Act, Chapter 50 and Clause 941(3)(b) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the existing issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting." [see Explanatory Note (ii)] (Resolution 8)
- (b) "That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors be empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the Eu Yan Sang Employee Share Option Scheme ("the Scheme") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company for the time being. [See Explanatory Note (iii)] (Resolution 9)

By Order of the Board

**Clifford Yee Fong Eu**

**Yvonne Choo**

Company Secretaries

Singapore, 25 October 2001

# Notice of Annual General Meeting

## Explanatory Notes:

- (i) The effect of the Ordinary Resolutions proposed in item 4 above, if passed, is to re-appoint Mr Joseph William Yee Eu and Mr David Chung Woo Yeh, both over 70 years old, as Directors of the Company to hold office until the next Annual General Meeting of the Company. Section 153(6) of the Companies Act, Chapter 50 requires the Resolutions to be passed by a majority of not less than three-fourths of shareholders present (in person or by proxy) and voting at the Annual General Meeting of the Company.
- (ii) The Ordinary Resolution proposed in item 8(a) above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company. The number of shares which the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the issued share capital of the Company for the time being. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be allotted and issued shall not exceed twenty per centum (20%) of the existing issued share capital of the Company.
- (iii) The Ordinary Resolution proposed in item 8(b) above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.

## Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or by its attorney or by an officer duly authorised.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 269A South Bridge Road, Singapore 058818 at least 48 hours before the time fixed for the Meeting.

# Proxy Form

(Please see notes overleaf before completing this Form)

## EU YAN SANG INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Eu Yan Sang International Ltd (the "Company"), hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or, failing him/her, \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 15 November 2001 at 3.00 p.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2001		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Clifford Yee Fong Eu as a Director		
4	Re-election of Mr Joseph William Yee Eu as a Director		
5	Re-election of Mr David Chung Woo Yeh as a Director		
6	Approval of Directors' fees amounting to S\$76,000		
7	Re-appointment of Messrs Ernst & Young as Auditors		
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the Eu Yan Sang Employee Share Option Scheme		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2001

\_\_\_\_\_  
Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy (not more than two) to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholdings (expressed as a percentage of the whole) to be represented by each proxy, failing which the first named proxy shall be treated as representing 100 per cent of the shareholdings and the second named proxy shall be alternate to the first named proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 269A South Bridge Road, Singapore 058818 not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or by its attorney or by an officer duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

This page is intentionally left blank.

This page is intentionally left blank.