EU YAN SANG INTERNATIONAL LTD
269A South Bridge Road, Singapore 058818
Tel: (65) 6225 3211 Fax: (65) 6225 8276

For Immediate Release

Eu Yan Sang's 2QFY2011 profit before tax increases 43% y-o-y to S$7.8 million

- **2QFY2011 revenue up 9% y-o-y to S$64.0 million**
- **2QFY2011 net profit to shareholders dips 13% to S$4.1 million due to one-off additional tax expense**
- **1HFY2011 revenue up 9%; profit before tax up 29% to S$13.3 million**
- **Group expects higher demand in subsequent quarters**

Singapore, 10 February 2011 – SGX mainboard-listed Eu Yan Sang International Ltd ("EYS", "the Group" or "余仁生国际企业"), a progressive, global healthcare company with a strong foundation in Traditional Chinese Medicine (TCM) and integrative healthcare, recorded a jump of 43% in its profit before tax to S$7.8 million for its second financial quarter ended 31 December 2010 (2QFY2011). This came on the back of a 9% increase in revenue to S$64.0 million. The revenue growth together with stable operating expenses demonstrates the robustness of the Group's business model.

A one-off additional tax expense however brought a decrease of 13% to the Group's net profit to shareholders to S$4.1 million. Net profit for 6 months ended 31 December 2010 (1HFY2011) stayed flat with a dip of just 1.6% to S$8.2 million.

Financial Highlights (S$ '000)	2QFY2011 ended 31 Dec 10	2QFY2010 ended 31 Dec 09	% Change	1HFY2011 ended 31 Dec 10	1HFY2010 ended 31 Dec 09	% Change
Revenue	64,012	58,531	9%	121,633	111,615	9%
Gross Profit	32,998	30,510	8%	63,277	58,537	8%
Gross Profit Margin	*52%*	*52%*	-	*52%*	*52%*	-
Profit before tax	7,815	5,479	43%	13,260	10,286	29%
Taxation	(3,704)*	(721)	414%	(5,013)*	(1,882)	166%
Profit for the period	4,111	4,758	(14%)	8,247	8,404	(1.9%)
Profit attributed to shareholders	4,084	4,719	(13%)	8,209	8,346	(1.6%)
EPS^ (cents)	1.09	1.30	(16%)	2.19	2.31	(5%)

*: includes a one-off tax expense of S$1.8 million

^: Calculated on fully diluted basis.

The Group's higher revenue in 2QFY2011 was mainly attributed to the increase in all its business segments namely Retail-TCM, Wholesale-TCM, Clinic-TCM and Others. Gross margins remained stable at 52%. Total operating expenses increased a less proportionate 3%, reflecting the sturdiness of the Group's business model. As a result operating profit and profit before tax improved 37% and 43% respectively to S$7.7 million and S$7.8 million.

Higher tax expenses were mainly due to a settlement of S$1.8 million following a tax investigation by Malaysian tax authority regarding manufacturing rebates given to other Group subsidiaries from 2002 to 2007.

Mr Richard Eu (余义明), Group CEO commented, "We are pleased to have improved our revenue and profit before tax for our 2QFY2011, following our good results in the first quarter."

Inventories and trade payables were significantly higher as at 31 December 2010 compared to those as at 30 June 2010 mainly due to the purchasing and the stocking up of products and hampers in the Group's retail stores in preparation for Chinese New Year sales.

Interest bearing loans and borrowings as at 31 December 2010 were higher than those as at 30 June 2010 mainly due to the purchase of an industrial property in Singapore and the financing of inventories in anticipation of the increase in sales in 3QFY2011 during the festive season. The Group's gearing[1] stood at 50.4% as at 31 December 2010.

[1] Gearing is computed using this formula: Gearing = all loans and borrowings including hire purchase creditors ÷ shareholders' equity

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Operations Review

Retail-TCM recorded an increase of 9% in revenue to S$52.0 million for 2QFY2011, reflecting the strength of EYS premium brand and a growing acceptance of TCM as a way to maintain good health. Bottled Bird's Nest, Bo Ying Compound, Bak Foong Pills, Lingzhi Cracked Spores Capsules and Essence of Chicken continued to remain as the Group's top five selling products. Wholesale-TCM revenue improved 4% to S$7.1 million with the resumption of export sales to China after the license renewal issue was addressed. Clinic-TCM revenue improved 20% to S$4.4 million, demonstrating a growing acceptance of TCM treatment.

In geographical and local currency terms, Hong Kong remained as the Group's largest market, returning with a strong 16% growth in revenue. Malaysia also recorded a strong 15% increase in revenue. However, the strengthening of the Singapore dollar against these currencies has trimmed the revenue growth in Hong Kong and Malaysia when viewed in Singapore dollars. Singapore maintained its revenue growth with 9% increase.

Mr Eu added, "Together with the 5 stores we set up in the first quarter, we have set up 12 new stores in just 6 months, meeting our target for the entire current financial year." As at 31 December 2010, the Group had 171 retail stores and a chain of 21 TCM Clinics in Singapore and Malaysia, and two Integrative Medical Centres in Hong Kong.

Outlook

The economies in the Group's core markets have grown steadily. The Group anticipates higher demand and is preparing to expand its geographical reach and capacity. Barring unforeseen circumstances, the Group expects stronger performance in FY2011.

- The End -

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CORPORATE PROFILE
(As at February 2011)

About Eu Yan Sang International Limited (SGX: EYSI)

Listed on the Singapore Exchange, Eu Yan Sang International Limited (Eu Yan Sang) is a progressive, global healthcare company with a strong foundation in Traditional Chinese Medicine (TCM) and integrative healthcare. It is one of the largest TCM groups in Asia and a leader in adopting a scientific approach in the production of TCM products.

The Group has come a long way from its humble beginnings offering TCM remedies to tin mine coolies in Gopeng, Perak, Malaysia 131 years ago. Today, Eu Yan Sang is a household name in Asia with an unrivalled reputation in leading TCM to greater heights. The Group's vision is to bridge the gap between Eastern and Western health care practices through a holistic approach to preventative care and wellness.

Eu Yan Sang is focused on quality and innovation to ensure its products meets the need of today's discerning customers. By using science, research and development and state-of-the-art technology, the Group has brought its business into the 21st century. The Group'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 a competitive edge in the industry.

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. Manufacturing activities are carried out in two of its GMP-certified (Good Manufacturing Practice) factories located in Hong Kong and Malaysia.

As of 31 December 2010, the Group had an extensive distribution network comprising more than 170 Eu Yan Sang and sub-brands retail outlets in China, Hong Kong, Macau, Malaysia and Singapore. 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 21 TCM Clinics in Singapore and Malaysia, and two Integrative Medical Centres in Hong Kong.

With the investment in Healthzone Limited (HZL), an ASX-listed distributor, franchise retailer and brand owner of health, beauty and natural health products; Eu Yan Sang is better positioned to make further inroads into Australia and China.

Contact Information:	
Financial PR Pte Ltd Mr El Lee/Ms Kathy Zhang Investor Relations Consultants Tel: 65-6438 2990 / Fax: 65-6438 0064 Email: staff@financialpr.com.sg	**Eu Yan Sang International Ltd** Ms Joanna Wong VP, Brand Management & Corporate Communications Eu Yan Sang International Ltd DID: 65-64213213 Fax: 65-6221 1861 Email: joanna.wong@euyansang.com