

**EU YAN SANG INTERNATIONAL LTD.**  
(Company Registration No. 199302179H)  
(Incorporated in Singapore)

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**INCREASE OF INVESTMENT IN HEALTHZONE LIMITED, A COMPANY LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX code: HZL)**

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**1. Introduction**

The Board of Directors of Eu Yan Sang International Ltd. (the "Company") wishes to announce that the Company will increase its investment in Healthzone Limited ("HZL"), to 19.9% of the share capital of HZL.

**2. The Investment**

The Company has entered into an agreement to acquire 7,310,755 additional ordinary shares at Australian Dollar ("AU\$") 0.38 each offered by HZL, thereby increasing its shareholding in HZL from 11,857,463 ordinary shares to 19,168,218 ordinary shares (the "Investment").

The open market value of the Investment is AU\$2,558,764.25. The investment also includes one free unlisted Warrant for every five ordinary shares, which total 1,462,151 Warrants exercisable at AU\$0.48 cents and expiring on 3 June 2016.

The Company also currently holds in HZL 3,952,488 warrants with a strike price of AU\$0.38 which expire on 28 February 2015.

**3. Rationale for the Investment**

The Company sees this transaction as a strategic investment to strengthen its collaboration and initiatives with HZL, which the Company is currently working on in relation to the launch of its range of products in Australian market, and HZL to launch its products through the Company's network and outlets in Asia.

**4. Purchase consideration and Source of Funds**

The purchase consideration of AU\$2,778,086.76 ("Purchase Consideration") was arrived at, following arm's length negotiations taking into account, inter-alia, the market price of HZL shares of AU\$0.35 on 2 June 2011.

The Purchase Consideration will be funded by the Company's internal cash resources.

**5. Financial Effects of the Transaction**

- 5.1 The net profits attributable to the total investment of 19.9% in HZL is approximately AU\$1,046,804.
- 5.2 For illustration purposes only, assuming the Investment had been completed on 30 June 2010, the Investment is not expected to have a material impact on the net tangible assets per share of the Company for the financial year ended 30 June 2010 ("FY2010").

5.3 For illustration purposes only, assuming the Investment had been completed at the beginning of FY2010, the Investment is not expected to have a material impact on the earnings per share of the Company for FY2010.

**6. Relative figures computed based on Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“Listing Manual”)**

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. The basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	5.45%
(c)	The aggregate value of the consideration given or received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares	2.89% Computed as at 2 June 2011
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

Since this transaction aggregated with the existing investment (being an investment made in the last 12 months), computed on the bases set out in Rule 1006(b) of the Listing Manual exceeds 5% but does not exceed 20%, the Investment constitutes a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

**7. Directors’ and Substantial Shareholders’ Interests**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings and share options in the Company), in the Investment.

**BY ORDER OF THE BOARD**

Submitted by Danny Heng Hang Siong, Chief Financial Officer & Company Secretary, on 6 June 2011 to the SGX.