



CHANGE IN CAPITAL :: OTHERS :: PROPOSED ISSUE OF UNSECURED S\$25,000,000 NOTES DUE 2016 & PROPOSED PLACEMENT OF 22,000,000 WARRANTS

\* Asterisks denote mandatory information

<b>Name of Announcer *</b>	EU YAN SANG INTERNATIONAL LTD
<b>Company Registration No.</b>	199302179H
<b>Announcement submitted on behalf of</b>	EU YAN SANG INTERNATIONAL LTD
<b>Announcement is submitted with respect to *</b>	EU YAN SANG INTERNATIONAL LTD
<b>Announcement is submitted by *</b>	Ng Pei Shan
<b>Designation *</b>	Company Secretary
<b>Date &amp; Time of Broadcast</b>	23-Nov-2011 17:29:57
<b>Announcement No.</b>	00040

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

<b>Announcement Title *</b>	PROPOSED ISSUE OF UNSECURED S\$25,000,000 NOTES DUE 2016 & PROPOSED PLACEMENT OF 22,000,000 WARRANTS
<b>Specific shareholder's approval required? *</b>	No
<b>Description</b>	Please see attached.
<b>Attachments</b>	 OIS.pdf  Announcement_lodgment_of_OIS.pdf Total size = <b>562K</b> (2048K size limit recommended)

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

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**PROPOSED ISSUE OF UNSECURED S\$25,000,000 NOTES DUE 2016 (THE “PROPOSED NOTES ISSUE”) AND PROPOSED PLACEMENT OF 22,000,000 WARRANTS (THE “PROPOSED WARRANTS ISSUE”) (THE PROPOSED NOTES ISSUE AND PROPOSED WARRANTS ISSUE ARE COLLECTIVELY REFERRED TO AS THE “PROPOSED ISSUE”)**

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The Board of Directors (the “**Directors**”) of Eu Yan Sang International Ltd (the “**Company**”) refers to its announcements dated 3 October 2011, 16 November 2011 and 23 November 2011 in relation to the Proposed Issue.

The Directors are pleased to announce that the Company’s offer information statement dated 23 November 2011 in relation to the Proposed Warrants Issue (the “**Offer Information Statement**”) has been lodged with the Monetary Authority of Singapore (“**MAS**”) today. A copy of the Offer Information Statement is attached hereto and can also be found on the MAS OPERA website at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>.

BY ORDER OF THE BOARD

Ng Pei Shan  
Company Secretary  
23 November 2011

## OFFER INFORMATION STATEMENT DATED 23 NOVEMBER 2011

(Lodged with the Monetary Authority of Singapore on 23 November 2011)

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.**

A copy of this Offer Information Statement (the “**OIS**”) issued by Eu Yan Sang International Ltd (the “**Company**”) has been lodged with the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of the OIS. Lodgment of this OIS with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Proposed Warrants Issue and the Warrants (all as defined hereinafter) being offered or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation for the 22,000,000 Warrants and up to 22,000,000 new Shares (the “**New Shares**”) to be issued by the Company on exercise of the Warrants. Approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Issue (as defined hereinafter), the Warrants, the New Shares, the Company and/or its subsidiaries. The Warrants will not be admitted to the Main Board of the SGX-ST until after all certificates relating thereto have been issued and the notification letters from The Central Depository (Pte) Limited (the “**CDP**”) have been despatched. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this OIS.

All the documentation relating to the Proposed Warrants Issue has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in these documents misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that the information is accurately extracted from such sources, or as the case may be, reflected or reproduced in this OIS.

No Warrants (as defined herein) shall be allotted or allocated on the basis of this OIS later than six (6) months after the date of lodgment of this OIS.



### EU YAN SANG INTERNATIONAL LTD

(Company Registration Number: 199302179H)

(Incorporated in the Republic of Singapore on 10 April 1993)

**PLACEMENT OF 22,000,000 WARRANTS (THE “WARRANTS”) AT AN ISSUE PRICE OF S\$0.04 PER WARRANT, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF EU YAN SANG INTERNATIONAL LTD (THE “COMPANY”) AT AN EXERCISE PRICE OF S\$0.83 FOR EACH NEW SHARE, TO BE ISSUED BY THE COMPANY, TOGETHER WITH AN ISSUE BY THE COMPANY OF FIVE (5) YEAR NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF S\$25 MILLION**

**Arranger and Placement Agent for the Proposed Issue**



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## DEFINITIONS

For the purposes of this OIS, the following terms shall, unless the context otherwise requires, have the following meanings:

“Act”	:	The Companies Act (Cap. 50) of Singapore, as amended or modified or supplemented from time to time
“Arranger and Placement Agent” or “HL Bank”	:	HL Bank, Singapore Branch, the arranger and placement agent in relation to the Proposed Issue
“ASX”	:	Australian Securities Exchange
“CDP”	:	The Central Depository (Pte) Limited
“China” or “PRC”	:	People’s Republic of China
“Company” or “EYSI”	:	Eu Yan Sang International Ltd
“Deed Poll”	:	Instrument by way of deed poll dated 22 November 2011, executed by the Company constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrantholders
“Directors”	:	The directors of the Company, including alternate directors of the Company, as at the date of this OIS
“ESOS 2000”	:	Eu Yan Sang Employee Share Option Scheme 2000, as modified and altered from time to time
“ESOS 2006”	:	Eu Yan Sang Employee Share Option Scheme 2006, as modified and altered from time to time
“Exercise Period”	:	The period during which the Warrants may be exercised, commencing on and including the date of the issue of the Warrants and expiring at 5:00 p.m. on the Expiration Date, unless such date is a date on which the Register is closed or is not a Market Day, in which event the period shall end on the Market Day prior to the closure of the Register or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register may be closed pursuant to Condition 4.6 of Appendix 1 of this Offer Information Statement.
“Exercise Price”	:	The sum payable in respect of each New Share to which the Warrantholder will be entitled to subscribe upon the exercise of the Warrants which shall be S\$0.83 subject to certain adjustments in accordance with the terms and

		conditions of the Warrants as set out in the Deed Poll
“Expiration Date”	:	The date falling five (5) years after the date of issue of the Warrants
“FY”	:	Financial year ended or ending 30 June
“Gross Proceeds”	:	The S\$25 million payable to the Company for the issue of the Notes and Warrants
“Group”	:	The Company and its subsidiaries collectively
“Hong Kong”	:	Hong Kong Special Administrative Region of China
“Latest Practicable Date”	:	17 November 2011, being the latest practicable date prior to the date of lodgment of this Offer Information Statement
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Macau”	:	Macau Special Administrative Region
“Market Day”	:	A day on which the SGX-ST is open for securities trading in Singapore
“New Shares”	:	Up to 22,000,000 new ordinary shares in the capital of the Company to be issued upon the exercise of the Warrants
“Notes”	:	Five (5) year notes due 2016, in denominations of S\$200,000 per note, to be issued by the Company pursuant to the Proposed Notes Issue. The Notes are not intended to be listed on a securities exchange
“NTA”	:	Net tangible assets
“OIS” or “Offer Information Statement”	:	This document and all other accompanying documents, including, where the context requires, and supplementary or replacement document, which may be issued by the Company in connection with the Proposed Warrants Issue
“Placement Agreement”	:	The placement agreement dated 22 November 2011 between the Company and HL Bank in relation to the Proposed Issue
“Placement Fee”	:	The placement fee payable to HL Bank, being 2.5% of the Gross Proceeds

“Proposed Issue”	:	The Proposed Notes Issue and the Proposed Warrants Issue
“Proposed Notes Issue”	:	The proposed issue by the Company of Notes in the aggregate principal amount of S\$25 million
“Proposed Warrants Issue”	:	The proposed placement by the Company of 22,000,000 Warrants, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company
“Price Fixing Date”	:	22 November 2011, being the date fixed for determining the Exercise Price prior to the signing of the Placement Agreement between the Company and HL Bank
“Register”	:	The Register of Warrantholders to be maintained by the Warrant Agent pursuant to Condition 4.6 of Appendix 1 of this Offer Information Statement
“Securities Account”	:	A securities account maintained by a Depositor
“SFA”	:	Securities and Futures Act (Cap. 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share(s)”	:	Ordinary share(s) in the share capital of the Company
“TCM”	:	Traditional Chinese Medicine
“Term Sheet”	:	The Term Sheet entered into between the Company and HL Bank in relation to the Proposed Issue, as announced by the Company on 3 October 2011
“Trust Deed”	:	The trust deed to be made between the Company and The Trust Company (Asia) Limited for the purposes of, <i>inter alia</i> , constituting the Notes
“USA”	:	United States of America
“Warrantholders”	:	Registered holders of the Warrants except that where the registered holder is the CDP, the term “Warrantholders” shall, in relation to Warrants registered in the name of the CDP, include, where the context requires, the Depositors whose Securities Accounts with the CDP are credited with Warrants
“Warrants”	:	22,000,000 warrants in registered form to be issued by the Company, and (where the context

so admits) such further warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the warrants set out in the Deed Poll (warrants issued as a result of adjustments made under the terms and conditions of the warrants set out in the Deed Poll shall be part of the series of warrants constituted by the Deed Poll and shall be issued subject to and with the benefit of the Deed Poll), each warrant entitling the Warrantholder to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions of the warrants as set out in the Deed Poll

“1Q 2011”	:	Financial first quarter ended 30 September 2010
“1Q 2012”	:	Financial first quarter ended 30 September 2011

#### ***Currencies, Units of Measurements and Others***

“A\$”	:	Australian dollars
“Baht”	:	Thai Baht
“HK\$” or “HKD”	:	Hong Kong dollars
“IDR”	:	Indonesian Rupiah
“MOP”	:	Macau Pataca
“RM” or “MYR”	:	Malaysian Ringgit
“RMB”	:	Chinese Renminbi
“S\$” and “cents” or “SGD”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Percentage or per centum

Reference to “Statement” shall refer to this OIS and all documents attached hereto.

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this OIS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA or the Listing Manual or any statutory modification thereof and used in this OIS shall, where applicable, have the meaning assigned to it under the Act, the SFA or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.



Any reference to “announcement” of or by the Company in this OIS includes announcements by the Company posted on the website of the SGX-ST, <http://www.sgx.com>.

Any reference to a time of day in this OIS shall be a reference to Singapore time unless otherwise stated. Any reference to a date and/or time in this OIS in relation to the Proposed Warrants Issue shall include such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Company.

Any discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, the figures shown as totals in this OIS may not be an arithmetic aggregation of the figures that precede them.

## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

All statements contained in this OIS, statements made in press releases and oral statements that may be made by the Company or its officers, Directors or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words such as, without limitation, "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's expected financial position, operating results, business strategies, plans and prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Group's revenue and profitability, prospects, future plans and other matters discussed in this OIS regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this OIS, undue reliance must not be placed on these statements. The Group's actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Neither the Company and the Arranger and Placement Agent nor any other person represents or warrants that the Group's actual future results, performance or achievements will be as discussed in those statements.

In light of the ongoing turmoil in the global financial markets and its contagion effect on the economy, any forward-looking statements contained in this OIS must be considered with significant caution and reservation.

Further, each of the Company and the Arranger and Placement Agent disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. However, the Company may make an announcement to the SGX-ST and if required, lodge a supplementary or replacement document with the Authority in the event, *inter alia*, that it becomes aware of a new development, event or circumstance that has arisen since the lodgment of this OIS with the Authority that is materially adverse from the point of view of an investor or required to be disclosed by law and/or the SGX-ST. The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

**DISCLOSURE REQUIREMENTS UNDER THE SIXTEENTH SCHEDULE OF THE  
SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND  
DEBENTURES) REGULATIONS 2005**

**PART II: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS**

**Directors**

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.

<b>Name</b>	<b>Address</b>	<b>Description</b>
Robert James Yee Sang Eu	c/o WR Hambrecht + Co Pier 1, Bay 3, San Francisco, CA 94111 U.S.A.	Chairman and Group Managing Director, China
Richard Yee Ming Eu	c/o Eu Yan Sang International Ltd 269A South Bridge Road Singapore 058818	Group Chief Executive Officer
Clifford Yee Fong Eu	c/o Eu Yan Sang International Ltd 269A South Bridge Road Singapore 058818	Group Managing Director, International
Ian Wayne Spence	1 Scotts Road, Shaw Centre, #19-12, Singapore 228208	Independent Director
Matthew J. Estes	c/o BabyCare Ltd 4F, Bldg. A, East Gate Plaza 9 Dong Zhong St., Dong Cheng District, Beijing 100027 PRC	Independent Director
Shin Ein Ng	c/o Eu Yan Sang International Ltd 269A South Bridge Road Singapore 058818	Independent Director
Billy Wah Yan Ma	13 <sup>th</sup> Floor, Tower 2 New World Tower 18 Queen's Road, Central Hong Kong	Alternate to Robert James Yee Sang Eu
Dr David Yee Tat Eu	c/o The Bonham Clinic 1 Philip Street, #04-02 Singapore 048692	Alternate to Richard Yee Ming Eu

Laurence Yee Lye Eu

c/o Euco Resources Sdn Bhd  
No: 9, Jalan Apollo U5/194  
Bandar Pinggiran Subang  
Seksyen 1, 40150 Shah Alam  
Selangor, Malaysia

Alternate to Clifford  
Yee Fong Eu

## Advisers

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### 2. Provide the names and addresses of —

- (a) the issue manager to the offer, if any;
  - (b) the underwriter to the offer, if any; and
  - (c) the legal adviser for or in relation to the offer, if any.
- 

Arranger and Placement Agent to  
the Proposed Issue : HL Bank, Singapore Branch  
20 Collyer Quay  
#01-02 Tung Centre  
Singapore 049319

Legal Adviser to the Company : Rodyk & Davidson LLP  
80 Raffles Place  
#33-00 UOB Plaza 1  
Singapore 048624

Legal Adviser to the Arranger and  
Placement Agent : Stamford Law Corporation  
10 Collyer Quay  
#27-00 Ocean Financial Centre  
Singapore 049315

## Registrars and Agents

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### 3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

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Share Registrar and  
Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## PART III: OFFER STATISTICS AND TIMETABLE

### Offer Statistics

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#### 1. For each method of offer, state the number of the securities being offered.

##### Introduction

On 3 October 2011, the Company announced that it had entered into the Term Sheet with HL Bank as Arranger and Placement Agent in relation to the proposed issue by the Company of S\$25 million principal amount of Notes and 22,000,000 Warrants (the "**Proposed Issue**").

On 23 November 2011, the Company announced that it had entered into the Placement Agreement with HL Bank in relation to the Proposed Issue.

Pursuant to the Proposed Issue:-

- (i) the Company shall issue, and HL Bank shall subscribe for and/or purchase, or procure subscribers and/or placees for Notes in the aggregate principal amount of S\$25 million (the "**Proposed Notes Issue**"). The Notes are not intended to be listed on a securities exchange and no application will be sought for the listing of the Notes. A summary of the indicative terms of the Notes are set out in the Company's announcement dated 23 November 2011; and
- (ii) the Company shall issue, and HL Bank shall subscribe for and/or purchase, or procure subscribers and/or placees for 22,000,000 Warrants, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**Proposed Warrants Issue**").

As the Arranger and Placement Agent in respect of the Proposed Issue, HL Bank shall subscribe for and/or purchase, or procure subscribers and/or placees for all and not some of the Notes, for an aggregate consideration of S\$24,120,000 pursuant to the exemptions under Sections 274 and 275 of the SFA and shall subscribe for and/or purchase, or procure subscribers and/or placees for the Warrants pursuant to an exemption under Section 277 of the SFA.

The Warrants are to be issued at an issue price of S\$0.04 per Warrant. Gross subscription proceeds of S\$25 million are to be raised from the Proposed Issue.

Method of Offer : Proposed placement of 22,000,000 Warrants at the issue price of S\$0.04 per Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.83 per Share.

The Proposed Warrants Issue is carried out together with an issue by the Company of Notes in the aggregate principal amount of S\$25 million to HL Bank pursuant to the Proposed Notes Issue.

Number of Warrants : 22,000,000 Warrants

## Method and Timetable

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2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to —
- (a) the offer procedure; and
  - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.
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Please see the paragraphs 3 to 7 below.

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3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.
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Pursuant to the Placement Agreement, the Arranger and Placement Agent has agreed *inter alia* to subscribe for and/or purchase, or to procure subscribers and/or placeses for and pay for 22,000,000 Warrants at the issue price of S\$0.04 for each Warrant.

The obligations of the Placement Agent under the Placement Agreement are conditional upon, *inter alia*, the following conditions having been satisfied (or waived by the Placement Agent) on or before 21 December 2011 or such other date as the parties may agree in writing:-

- (a) all representations and warranties and other statements of the Company in the Placement Agreement remaining, at the date thereof and as of the date of the issue of the Notes and Warrants (the “**Closing Date**”), true and correct;
- (b) the execution of the Trust Deed and Deed Poll;
- (c) the Company having performed its obligations under the Placement Agreement;
- (d) the Company having obtained the approval in-principle of the SGX-ST for the listing and quotation of the Warrants and the New Shares on the SGX-ST, such approval in-principle remaining in full force and effect, and there not having occurred any withdrawal, revocation or material modification to such approval in-principle;
- (e) the OIS having been lodged with the Authority;
- (f) the information memorandum (as defined under Section 275(2) of the SFA) to be prepared and issued by the Company in connection with the issue of the Notes, having been issued by the Company;

- (g) the Company having furnished or caused to be furnished to the Placement Agent at the Closing Date a certificate of a director of the Company as to the truth and correctness of the representations and warranties of the Company at and as of such Closing Date and as to the performance by the Company of all its obligations under the Placement Agreement to be performed at or prior to such Closing Date with respect to certain specified matters, in the agreed form; and
- (h) there not having occurred any material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the Company's condition (financial or otherwise) or business, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which is or, in the reasonable opinion of the Placement Agent, is likely to have a material adverse effect on the performance of the Placement Agreement, the issue and sale of the Notes and Warrants or the consummation of any of the transactions contemplated by the Placement Agreement, in the context of the placement of the Notes and Warrants or, in the reasonable opinion of the Placement Agent, is likely to prejudice materially the success of the placement of the Notes and Warrants or dealings in the Notes and Warrants in the secondary market.

The completion of the issue of the Notes and Warrants shall take place by 21 December 2011, or such other date as may be agreed between the Company and the Placement Agent in writing.

As at the date hereof, the Deed Poll has been executed and the Company has obtained the approval in-principle of the SGX-ST for the listing and quotation of the 22,000,000 Warrants and the 22,000,000 New Shares on the SGX-ST. The in-principle approval granted from the SGX-ST is not to be taken as an indication of the merits of the Proposed Issue, the Warrants, the New Shares, the Company and/or its subsidiaries.

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**4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**

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The issue price for Warrants will be payable in full by subscribers thereof on completion of the Proposed Warrants Issue, in accordance with such payment arrangements agreed between HL Bank and the end-places of the Warrants.

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**5. State, where applicable, the methods of and time limits for —**

- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and
  - (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.
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On completion of the Proposed Warrants Issue, the Company shall *inter alia* deliver or procure to be delivered to CDP for the account of HL Bank or of such persons as HL Bank may direct, the global certificate(s) representing the Warrants in the name of CDP.

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6. **In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**
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Not applicable.

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7. **Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**
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Upon completion of the Proposed Issue, the Company will release an announcement on the website of the SGX-ST website at <http://www.sgx.com>. The Company does not expect to receive excess amounts in respect of the Proposed Warrants Issue.

#### **PART IV: KEY INFORMATION**

##### **Use of Proceeds from Offer and Expenses Incurred**

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1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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Noted. Please see the relevant paragraphs below.

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2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
- 

The Proposed Warrants Issue is being effected together with the Proposed Notes Issue.

The Company is expected to receive the net amount of approximately S\$23,900,000 from the Proposed Issue (comprising both the Proposed Notes Issue and the Proposed Warrants Issue), after deducting estimated expenses incurred in connection with the Proposed Issue. HL Bank shall on completion pay the net proceeds of the Proposed Issue to such bank account as may be notified by the Company.



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- 3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**
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The Proposed Warrants Issue is being effected together with the Proposed Notes Issue.

The Company is expected to receive the net amount of approximately S\$23,900,000 from the Proposed Issue (comprising both the Proposed Notes Issue and the Proposed Warrants Issue), after deducting estimated expenses incurred in connection with the Proposed Issue. HL Bank shall on completion pay the net proceeds of the Proposed Issue to such bank account as may be notified by the Company.

As announced by the Company on 3 October 2011 and 23 November 2011, the Company intends to use the net proceeds from the Proposed Issue for the following purposes:-

- (a) To fund business expansion into China and other countries in the region – S\$10 million (40% of the gross proceeds from the Proposed Issue);
- (b) To fund (whether in whole or in part) the acquisition of, or investment in, commercial real estate related to the Group's operations – S\$10 million (40% of the gross proceeds from the Proposed Issue); and
- (c) For working capital and general business purposes – the balance.

Pending the eventual utilisation of the proceeds from the Proposed Issue for the purposes listed above, the proceeds from the Proposed Issue may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

Pursuant to the Placement Agreement, the Arranger and Placement Agent has agreed to subscribe for and/or purchase, or procure subscribers and/or placees for and pay for 22,000,000 Warrants at the issue price of S\$0.04 for each Warrant. Please see paragraph 7 in the Section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – Part VI: The Offer and Listing" for further details.

The proceeds to be received by the Company from the exercise of the Warrants (if any) shall be utilised for working capital and general business purposes.

4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.

The amount of the net proceeds from the Proposed Issue (comprising both the Proposed Notes Issue and the Proposed Warrants Issue) allocated to the principal intended uses as set out in paragraph 3 of this Part and the estimated expenses that will be used by the Company to pay for the expenses incurred in connection with the Proposed Issue is set out below.

For the estimated amount that will be allocated to each principal intended use, please see the table below:-

<b>Intended uses</b>	<b>Approximate amount (\$'000)</b>	<b>Per S\$ of proceeds</b>	<b>% of Gross Proceeds</b>
To fund business expansion into China and other countries in the region	10,000	0.400	40.0
To fund (whether in whole or in part) the acquisition of, or investment in, commercial real estate related to the Group's operations	10,000	0.400	40.0
For working capital and general business purposes	3,900	0.156	15.6
Expenses incurred in connection with the Proposed Issue	1,100	0.044	4.4
<b>Total</b>	<b>25,000</b>	<b>1.000</b>	<b>100.0</b>

5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.

The proceeds from the Proposed Issue will not be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business.

As announced by the Company on 3 October 2011 and 23 November 2011, the Company intends to use the net proceeds from the Proposed Issue for the following purposes:-

- (a) To fund business expansion into China and other countries in the region – S\$10 million (40% of the gross proceeds from the Proposed Issue);
  - (b) To fund (whether in whole or in part) the acquisition of, or investment in, commercial real estate related to the Group's operations – S\$10 million (40% of the gross proceeds from the Proposed Issue); and
  - (c) For working capital and general business purposes – the balance.
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**6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**

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The proceeds from the Proposed Issue will not be used to finance or refinance the acquisition of another business.

As announced by the Company on 3 October 2011 and 23 November 2011, the Company intends to use the net proceeds from the Proposed Issue for the following purposes:-

- (a) To fund business expansion into China and other countries in the region – S\$10 million (40% of the gross proceeds from the Proposed Issue);
  - (b) To fund (whether in whole or in part) the acquisition of, or investment in, commercial real estate related to the Group's operations – S\$10 million (40% of the gross proceeds from the Proposed Issue); and
  - (c) For working capital and general business purposes – the balance.
- 

**7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

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The proceeds from the Proposed Issue will not be used to discharge, reduce or retire the indebtedness of the Group.

As announced by the Company on 3 October 2011 and 23 November 2011, the Company intends to use the net proceeds from the Proposed Issue for the following purposes:-

- (a) To fund business expansion into China and other countries in the region – S\$10 million (40% of the gross proceeds from the Proposed Issue);
- (b) To fund (whether in whole or in part) the acquisition of, or investment in, commercial real estate related to the Group's operations – S\$10 million (40% of the gross proceeds from the Proposed Issue); and
- (c) For working capital and general business purposes – the balance.

- 
8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.
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Please refer to paragraph 7 in the Section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 - Part VI: The Offer and Listing” for further details.

### Information on the Relevant Entity

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9. Provide the following information:-

- (a) the address and telephone and facsimile numbers of the relevant entity’s registered office and principal place of business (if different from those of its registered office);

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Registered Address	:	269A South Bridge Road Singapore 058818
Telephone number	:	+65 6225 3211
Facsimile number	:	+65 6225 8276

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- (b) the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;
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The Group is a progressive, global healthcare and wellness company with a strong foundation in Traditional Chinese Medicine (“TCM”) and integrative healthcare. The Group is one of the largest TCM groups in South East Asia and a leader in adopting a modern and scientific approach in the production and retail of both TCM and wellness products.

Apart from retailing fine quality Chinese herbs and Chinese Proprietary Medicines, the Group also retails health foods and supplements. Currently, the Group offer more than 300 products under the Eu Yan Sang (“EYS”) brand name and over 1,000 different types of Chinese herbs and other medicinal products. Manufacturing activities are carried out in our 2 GMP-certified (Good Manufacturing Practice) factories located in Hong Kong and Malaysia.

As of 30 September 2011, the Group had an extensive distribution network comprising 189 EYS and sub-brands retail outlets in China, Hong Kong, Macau, Malaysia and Singapore. The Group’s products are available in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals, health clubs and spas worldwide. The Group also operates a chain

of 23 TCM Clinics in Singapore and Malaysia, and 2 Integrative Medical Centres in Hong Kong.

Details of the Company's subsidiaries, as at the Latest Practicable Date, are as follows:-

<b>Name of company</b>	<b>Country of incorporation and place of business</b>	<b>Principal activities</b>	<b>Effective equity interest held by the Group</b>
			%
Eu Yan Sang (Singapore) Private Limited	Singapore	Distribution and sale of traditional Chinese and other medicine	100
Eu Yan Sang (Hong Kong) Limited	Hong Kong	Investment holdings, manufacturing, processing, distribution and sale of traditional Chinese medicine	100
Eu Yan Sang (1959) Sendirian Berhad	Malaysia	Investment holdings, distribution and sale of traditional Chinese and other medicine	100
Eu Realty (Singapore) Private Limited	Singapore	Investment holdings, property investment and sale of traditional Chinese and other medicine	100
Weng Li Sdn. Bhd.	Malaysia	Commission agent in all kinds of pharmaceutical products and manufacturer of medical pills and capsules	100
Eu Yan Sang Heritage Sdn. Bhd.	Malaysia	Property investment and sale of food and beverages	100
Eu Yan Sang Marketing Pte Ltd	Singapore	Distribution and sale of traditional Chinese and other medicine	100
Eu Yan Sang (Australia) Pty Ltd	Australia	Investment holdings, distribution and sale of traditional Chinese medicine	100
Red White & Pure Pte. Ltd.	Singapore	Dormant	100
Eu Yan Sang Integrative Health Sdn. Bhd.	Malaysia	Provision of integrative medical services and property investment	100

Eu Yan Sang Integrative Health Pte. Ltd.	Singapore	Provision of integrative medical services	100
Yin Yang Spa Products Pte Ltd	Singapore	Development, manufacturing and distribution of spa products	100
Eu Yan Sang (China) Pte. Ltd.	Singapore	Dormant	100
Eu Yan Sang Food Pte. Ltd. (formerly known as Eu Yan Sang Bottled Bird's Nests Pte. Ltd.)	Singapore	Investment holdings	100
iGates BioInnovation Pte. Ltd.	Singapore	Developing iGates, on advanced technology to decipher chemical components in traditional Chinese medicine	51
Matrix Chain Sdn. Bhd	Malaysia	Dormant	100
EYS Ventures Pte Ltd	Singapore	Dormant	100
<b><i>Held by subsidiaries</i></b>			
Supreme Bottled Bird's Nest Pte. Ltd.	Singapore	Dormant	100
RWP Food Services Pte. Ltd.	Singapore	Dormant	100
Vistern Health Sdn. Bhd.	Malaysia	Importation, distribution and sale of honey products	75
Eu Yan Sang (China Ventures) Limited	Hong Kong	Investment holdings	100
Eu Yan Sang Medical Services Limited	Hong Kong	Provision of integrative medical services	100
Top Lot Limited	Hong Kong	Dormant	100
Eu Yan Sang (Properties) Limited	Hong Kong	Dormant	100
Eu Yan Sang (Export) Limited	The British Virgin Islands	Dormant	100
Supreme Bottled Bird's Nests Co. Limited	Hong Kong	Importation, manufacturing, distribution and sale of bottled bird's nests, canned drinks and packaged food	90
Pronature (Hong Kong) Limited	Hong Kong	Sale of health food and beverages	100

Eu Yan Sang Pharmaceutical Limited	Hong Kong	Dormant	100
Botanical Health Resources, Inc.	United States of America	Dormant	100
Eu Yan Sang (Thailand) Limited	Thailand	Distribution and sale of traditional Chinese and other medicine	79.4
Eu Yan Sang (Macau) Ltd.	Macau	Distribution and sale of traditional Chinese medicine and other medicine	100
Yan Sang Biotechnology Company Limited	Macau	Dormant	90
Eu Yan Sang Trading (Guangdong) Co. Ltd	People's Republic of China	Wholesale, import and export of packed food products	100
PT EYS Ventures Indonesia	Indonesia	Dormant	100
Eu Yan Sang (Taiwan) Co. Ltd	Republic of China	Distribution and sale of traditional Chinese and other medicine	100
Yen & U Sdn Bhd	Malaysia	Retailer of birds' nest products	100
Optimum Sejati Sdn Bhd	Malaysia	Dormant	100
Wellness Cottage Sdn Bhd	Malaysia	Tui Na massage and foot reflexology services	100

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- (c) **the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since —**
- (i) **the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
  - (ii) **the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**
-

## (i) Key Developments in FY 2009

### Voluntary deregistration of subsidiary and voluntary dissolution of associated company

In August 2008, the Company announced that one of its subsidiary companies in Australia, Aroma Fresh Pty Ltd, which had been dormant since January 2006, had been deregistered as a company under the jurisdiction of The Australian Securities & Investments Commission. The Company also announced that the voluntary dissolution of Hua Sheng He Enterprise, one of its dormant associated companies in China, had been approved by The Industrial & Commercial Affairs Administrative Bureau of Chengdu, China. The foregoing transactions had no material impact on the earnings per share or net tangible assets of the Company and Group for FY 2009.

### Termination of agreements with Sanctuary Spa Group Pte. Ltd. (“SSG”)

In May 2008, the Company had announced that its wholly-owned subsidiary, Red, White & Pure Pte. Ltd. (“RWP”), had entered into a conditional sale and purchase agreement with SSG in relation to *inter alia* (i) the proposed disposal by RWP of its business and assets in relation to its lifestyle concept store incorporating the business of healthy-eating restaurant, tonic bar, wellness centre, lifestyle TCM clinic and a health products concept shop to SSG and (ii) the proposed subscription by RWP of new shares in the capital of SSG amounting to 12.86% of the enlarged issued share capital of SSG.

In January 2009, the Company announced that in view of the current economic conditions and for various commercial reasons, RWP and SSG had agreed not to proceed with the aforesaid transactions and had entered into a settlement deed to terminate the sale and purchase agreement. The termination of the sale and purchase agreement was not expected to have any material financial impact on the Company and the Group for FY 2009.

### Incorporation of a new subsidiary in Malaysia

In February 2009, the Company incorporated a wholly-owned subsidiary, Yen & U Sdn Bhd (“Yen & U”), in Malaysia.

The paid-up capital of Yen & U is RM100,000 and its principal activities are to carry on the business of dealing in health supplements, natural healthcare and pharmaceutical products for face care, body care, sun care, hair care, make up products and all other kinds of products connected therewith and lifestyle and wellness products with particular focus in Malaysia.

### Increase in net profit and revenue for FY 2009

In August 2009, the Company announced *inter alia* that it had recorded an increase of 165% in net profit for FY 2009 and a 7% growth in revenue from FY 2008.

## (ii) Key Developments in FY 2010

### Entry into a memorandum of understanding with Truong Xuan Viet Company Limited

In October 2009, the Company announced that it had entered into a memorandum of understanding (the “**Memorandum of Understanding**”) with Truong Xuan Viet Company Limited (“**Truong Xuan Viet**”). Pursuant to the Memorandum of Understanding, the Company and Truong Xuan Viet will work towards collaboration in opening a chain of upmarket TCM clinics in Vietnam. Pursuant to the collaboration, the Company subsequently entered into a joint venture agreement with Truong Xuan Viet in December 2009.



### Striking-off of associate company

In November 2009, the Company announced that EYS KangHong Herbal Pte. Ltd., a 50% associated company in Singapore, had been struck off the Register of Companies. EYS KangHong Herbal Pte. Ltd. had ceased operations since the year 2007 and the striking off did not have any material impact on the Company's earnings per share or net tangible assets per share for FY 2010.

### Incorporation of a new subsidiary in Malaysia

In May 2010, the Company announced that it had incorporated a wholly-owned subsidiary, Matrix Chain Sdn Bhd ("**Matrix Chain**"), in Malaysia. Matrix Chain was incorporated with a paid-up capital of RM100,000 and its principal activities are generally import/export trading of TCM and health supplement products.

### Acquisition of property – 21 Tai Seng Drive, Singapore 535223

In May 2010, the Company had announced that its wholly-owned subsidiary, Eu Realty (Singapore) Private Limited, had exercised an option granted by Trivec Singapore Pte Ltd to purchase a property located at 21 Tai Seng Drive, Singapore 535223 ("**Tai Seng Drive Property**") for a purchase consideration of S\$12 million. The property comprises a 5-storey detached factory building, with a lease of 30 years from Jurong Town Corporation commencing from 16 December 1990, and with an option to renew for a further term of 30 years. The consideration had been funded through internal sources within the Group and bank loans. The market value of the Tai Seng Drive Property as at 5 May 2010 was S\$15 million. The acquisition was subsequently completed in July 2010.

### Increase in net profit and revenue for FY 2010

In August 2010, the Company announced *inter alia* that it had recorded an increase of 48% in net profit for FY 2010 and a growth in revenue from FY 2009.

## **(iii) Key Developments in FY 2011**

### Investment in Healthzone Limited

In August 2010, the Company announced that it had in July 2010 made an investment of a 14.99% equity interest in the share capital of Healthzone Limited ("**HZL**") (the "**HZL Investment**"), an ASX-listed distributor, franchise retailer and brand owner of health, beauty and natural health products with franchise retail networks in Australia and China.

The HZL Investment was effected by way of an acquisition of 7,296,500 HZL shares from the market (the "**HZL Acquired Shares**") at A\$0.30 each. The Company also subscribed for a private placement of 4,560,963 HZL shares (the "**HZL Placement Shares**") at A\$0.30 each together with 3,952,488 warrants attached. The warrants have a five (5) year term with a strike price of A\$0.38 each. The warrants are exercisable subject to the market share price exceeding A\$0.38 at the time of exercise. As a result of the above acquisition, the Company became the largest single shareholder of HZL.

The total consideration for the HZL Investment was A\$3,557,239, of which A\$2,188,950 was in respect of the HZL Acquired Shares and A\$1,368,289 for the HZL Placement Shares. The payment of the consideration was funded by the Company's internal cash resources. In the event that all the 3,952,488 warrants are exercised, it will cost the Company a further investment of A\$1,501,945.44 (at the strike price of A\$0.38 each).

### Bonus issue

In August 2010, the Company announced a bonus issue to shareholders on the basis of one (1) bonus share for every five (5) existing ordinary shares held in the capital of the Company, fractional entitlements to be disregarded. The issue of bonus shares was made based on the Company's share issue mandate approved by shareholders at the Company's annual general meeting held on 28 October 2010, and was completed in end November 2010. An aggregate of 73,017,429 bonus shares were allotted and issued pursuant to the bonus share issue.

### Incorporation of a new subsidiary in Hong Kong

In November 2010, the Company announced that its wholly-owned subsidiary, Eu Yan Sang (Hong Kong) Limited, incorporated a wholly-owned subsidiary, Eu Yan Sang Pharmaceutical Limited ("**EYS Pharmaceutical**") in Hong Kong with a paid-up capital of HK\$1,000. The principal activities of EYS Pharmaceutical are the manufacture and sale of TCM.

### New subsidiary in Macau

In December 2010, the Company announced that it had, through its wholly-owned subsidiary in Hong Kong, Eu Yan Sang (Hong Kong) Limited, acquired 90% interest in Yan Sang Biotechnology Company Limited ("**Yan Sang Biotechnology**"), a company incorporated in Macau, at a total consideration of HK\$6.12 million.

The issued and paid-up capital of Yan Sang Biotechnology is MOP25,000 and Yan Sang Biotechnology will be engaged in the principal activities of production, manufacture, wholesale and retail sale of proprietary Chinese medicine and health products.

### Incorporation of a new subsidiaries in Singapore

In January 2011, the Company announced that it had incorporated a wholly-owned subsidiary, Eu Yan Sang (China) Pte. Ltd. ("**EYSC**") in Singapore with a paid-up capital of S\$100,000. EYSC will be engaged in the business of investment holding, sale and distribution of traditional Chinese and other medicine.

In January 2011, the Company also announced that it had incorporated a wholly-owned subsidiary, Eu Yan Sang Bottled Bird's Nests Pte Ltd (now known as Eu Yan Sang Food Pte. Ltd.) ("**EYS-BBN**") in Singapore with a paid-up capital of S\$2.00. The principal activities of EYS-BBN include importation, manufacturing, distribution and sale of bottled bird's nest, canned drinks and packaged foods.

### Increase of investment in HZL

In June 2011, the Company announced that it had entered into an agreement to acquire 7,310,755 additional ordinary shares at A\$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 "**Second HZL Investment**") for a total purchase consideration of A\$2,778,086.76. The Second HZL Investment also included one (1) free unlisted warrant for every five (5) ordinary shares held in HZL, which totalled to 1,462,151 warrants exercisable at A\$0.48 and expiring on 3 June 2016. The open market value of the Second HZL Investment was A\$2,558,764.25. As a result of the above acquisition, the shareholding of the Company in HZL increased to 19.9% as at 30 June 2011.

### Increase in net profit and revenue for FY 2011

In August 2011, the Company announced *inter alia* that it had recorded an increase of 30% in net profit for FY 2011 and a 9% growth in revenue from FY 2010.

#### **(iv) Key Developments in 1Q 2012**

##### Proposed acquisition of property - Shops 1, 2 and 3, Shum Tower, No. 268 Des Voeux Road Central, Sheung Wan, Hong Kong

In August 2011, the Company announced that its wholly-owned subsidiary, Pronature (Hong Kong) Limited (“**Pronature**”) had entered into a provisional agreement for the sale and purchase of the property located at Shops 1, 2 and 3 on the ground floor including the flat roof/yard thereof and the mezzanine floor, Shum Tower, No. 268 Des Voeux Road Central, Sheung Wan, Hong Kong (the “**Property**”) from Honfield Investment (Hong Kong) Limited (“**Honfield**”) at a total consideration of HK\$149.8 million. The Group intends to house a flagship store at the Property, which will include a retail shop and an integrated medical centre. In September 2011, Pronature entered into the definitive sale and purchase agreement with Honfield. As certain deposit amounts for the acquisition of the Property paid by Pronature had been funded by Eu Yan Sang (Properties) Limited (“**EYSPL**”), another wholly-owned subsidiary of the Company, Pronature had also executed a nomination letter with EYSPL to relinquish all its rights and interests in the sale and purchase agreement and the Property in favour of EYSPL, and had nominated EYSPL to complete the purchase of the Property. The acquisition of the Property was completed in October 2011.

The purchase consideration and related transaction costs were funded through internal resources within the Group. Based on an independent valuation of the Property, the Property was valued at HK\$152 million as at 25 July 2011, assuming the sale subject to the existing tenancies.

#### **(v) Key Developments from 1 October 2011 to the Latest Practicable Date**

##### Appointment of receivers and managers and voluntary administrators to HZL

On 18 November 2011, the Company announced that its ASX-listed associate, HZL, had announced that receivers and managers of the assets and undertaking of HZL and a number of its related bodies corporate had been appointed by a secured creditor of those companies. It was also announced that voluntary administrators of HZL and a number of its related bodies corporate had been appointed by a secured creditor of those companies.

On the same day, the Company further announced that the ASX had announced that the securities of HZL had been suspended from official quotation, following such appointment of receivers and managers and voluntary administrators. On 21 November 2011, the Company announced that the chief executive officer of HZL had left such position as of 18 November 2011.

The pre-tax profit contribution from HZL to the Company for the financial year ended 30 June 2011 was approximately 1.9%. The carrying value of the Company’s investment in HZL was approximately S\$8.8 million as at 30 September 2011, comprising 19,168,218 shares in HZL, which as at 18 November 2011 represented a shareholding interest of approximately 16.6% in HZL. The Company had in its announcement stated that it and its subsidiaries have not extended any loans to nor granted guarantees in favour of HZL and/or its related entities, and that the Company does not consider that there would be any adverse impact on its operating profit nor cash flow. The Company also stated that the recent development in HZL will not have any impact on the Company’s expansion plan in the PRC market as there is no financial commitment in this aspect from the Company to HZL.

Save as disclosed herein, or as otherwise previously disclosed publicly by the Company, there has been no material change in the affairs of the Group since 30 September 2011, being the end of the most recent completed financial quarter for which financial statements of the Company have been published to the Latest Practicable Date.

**(d) the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing —**

- (i) in the case of the equity capital, the issued capital; or**
- (ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**

Issued and Paid-Up Share Capital : S\$38,273,936.13 comprising 441,763,217 Shares

Loan capital : Nil

**Note:** On 22 November 2011, the Company issued a further 66,000 Shares at an issue price of S\$0.376 per Share pursuant to the exercise of options under the ESOS 2006.

**(e) where —**

- (i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
- (ii) the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**

The interests of the Substantial Shareholders, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date are set out below:-

	Direct Interest	%	Deemed Interest	%
Euco Investments Pte Ltd (“ <b>Euco</b> ”)	23,446,720	5.31	55,040,400 <sup>(1)</sup>	12.46
Bestand Development Corporation (“ <b>Bestand</b> ”)	-	-	31,516,242 <sup>(2)</sup>	7.13
Aberdeen Asset Management Plc (“ <b>AAM</b> ”)	-	-	48,687,100 <sup>(3)</sup>	11.02
Aberdeen Asset Management Asia Limited	-	-	48,687,100 <sup>(4)</sup>	11.02
Aberdeen International Fund Managers Limited	-	-	28,604,600 <sup>(5)</sup>	6.48

	Direct Interest	%	Deemed Interest	%
HSBC Holdings plc	-	-	38,717,160 <sup>(6)</sup>	8.76
HSBC Bank plc	-	-	38,717,160 <sup>(6)</sup>	8.76
HSBC Europe (Netherlands) BV	-	-	38,717,160 <sup>(6)</sup>	8.76
HSBC Private Banking Holdings (Suisse) SA	-	-	38,717,160 <sup>(6)</sup>	8.76
Clifford Yee Fong Eu	228,891	0.05	98,687,120 <sup>(7)</sup>	22.34
Laurence Yee Lye Eu	2,010,000	0.45	78,487,120 <sup>(8)</sup>	17.77
Richard Yee Ming Eu	150,000	0.03	64,584,171 <sup>(9)</sup>	14.62
Billy Wah Yan Ma	-	-	34,327,014 <sup>(10)</sup>	7.77
Robert James Yee Sang Eu	-	-	31,516,242 <sup>(11)</sup>	7.13

**Notes:**

- (1) Euco's deemed interests relate to shares held in trust by its nominees as follows:

	<u>No. of Shares</u>
Overseas Union Bank Nominees (Pte) Ltd	11,325,000
CIMB Nominees (S) Pte Ltd	17,100,000
Oversea-Chinese Bank Nominees Pte Ltd	8,570,400
DBS Nominees Pte Ltd	9,645,000
Singapura Finance Ltd	8,400,000

- (2) Bestand's deemed interests relate to shares held in trust by its nominee, HL Bank Nominees (S) Pte Ltd.

- (3) AAM's deemed interest relates to Shares deemed to be held by the following:

	<u>No. of Shares</u>
Aberdeen Asset Management Asia Limited	48,687,100
Aberdeen Asset Management Inc.	582,000
Aberdeen International Fund Managers Limited	27,404,600

Number of shares held without voting rights but have disposal rights – 1,700,000.  
Number of shares held with voting rights and disposal rights – 46,987,100.

- (4) Number of shares held without voting rights but have disposal rights – 1,700,000.  
Number of shares held with voting rights and disposal rights – 46,987,100.

- (5) Number of shares held with voting rights and disposal rights – 28,604,600.

- (6) Deemed interest arises through shares held by Bestand Development Corporation and HSBC Trustee (Hong Kong) Limited (“HTHK”).

As HTHK is owned by HSBC International Trustee Limited (“HKIT”), HKIT is deemed to have an indirect interest in the shares. HSBC Holdings plc is deemed to have an interest in the shares through HSBC Private Banking Holdings (Suisse) SA (“HPBH”).

HPBH is a wholly-owned subsidiary of HSBC Europe (Netherlands) BV, which is substantially owned (94.9%) by HSBC Bank plc, which is a wholly owned subsidiary of HSBC Holdings plc.

- (7) By virtue of Section 7 of the Companies Act, Clifford Yee Fong Eu is deemed to be interested in all the 11,400,000 Shares held in trust by his nominees, 78,487,120 Shares held by Euco (by itself or in trust by its nominees); 6,750,000 Shares of Perpetual Investments Ltd (held in trust by its nominee), 2,050,000 Shares owned by his wife.
- (8) Laurence Yee Lye Eu is deemed interested in all the Shares held by Euco (by itself or in trust by its nominees) by virtue of Section 7 of the Act.
- (9) The deemed interests of Richard Yee Ming Eu relates to Shares held in trust by his nominees. He is also deemed to be interested in 15,270,000 Shares owned by his wife (held in trust by her nominees).
- (10) By virtue of Section 7 of the Act, Billy Wah Yan Ma is deemed to be interested in all the Shares held by Bestand and 2,810,772 Shares held by UOB Kay Hian Private Limited.
- (11) Robert James Yee Sang Eu is deemed to be interested in all the Shares held by Bestand by virtue of Section 7 of the Act.

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- (f) any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**
- 

The Group is not involved in any litigation or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or would have had in the last twelve (12) months immediately preceding the date of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

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- (g) where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date —**
- (i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**
  - (ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and**
- 

Save as disclosed below, no securities or equity interest of the Company have been issued within the 12 months immediately preceding the Latest Practicable Date:

<b>Date of issue</b>	<b>No of Shares issued</b>	<b>Issue price per Share</b>	<b>Purpose of issue</b>
20 October 2011	102,000	S\$0.376	Exercise of ESOS 2006
10 October 2011	46,000	S\$0.445	Exercise of ESOS 2000
21 September 2011	90,000	S\$0.376	Exercise of ESOS 2006
22 July 2011	110,000	S\$0.376	Exercise of ESOS 2006
29 June 2011	30,000	S\$0.481	Exercise of ESOS 2006
29 June 2011	84,000	S\$0.376	Exercise of ESOS 2006
10 June 2011	30,000	S\$0.376	Exercise of ESOS 2006
30 May 2011	42,000	S\$0.376	Exercise of ESOS 2006
25 April 2011	42,000	S\$0.254	Exercise of ESOS 2006
25 April 2011	80,000	S\$0.376	Exercise of ESOS 2006
15 April 2011	60,000	S\$0.376	Exercise of ESOS 2006
24 March 2011	54,000	S\$0.445	Exercise of ESOS 2000
24 March 2011	36,000	S\$0.569	Exercise of ESOS 2006
24 March 2011	36,000	S\$0.376	Exercise of ESOS 2006
1 March 2011	20,000	S\$0.445	Exercise of ESOS 2000
1 March 2011	60,000	S\$0.376	Exercise of ESOS 2006
18 February 2011	288,000	S\$0.445	Exercise of ESOS 2000
18 February 2011	124,000	S\$0.376	Exercise of ESOS 2006
18 February 2011	10,000	S\$0.569	Exercise of ESOS 2006
18 February 2011	36,000	S\$0.481	Exercise of ESOS 2006
21 January 2011	162,000	S\$0.376	Exercise of ESOS 2006
21 January 2011	36,000	S\$0.569	Exercise of ESOS 2006
13 January 2011	216,000	S\$0.569	Exercise of ESOS 2006
13 January 2011	382,000	S\$0.376	Exercise of ESOS 2006
30 December 2010	564,000	S\$0.376	Exercise of ESOS 2006
30 December 2010	99,600	S\$0.254	Exercise of ESOS 2006
30 December 2010	144,000	S\$0.445	Exercise of ESOS 2000
30 December 2010	195,000	S\$0.177	Exercise of ESOS 2000
15 December 2010	54,000	S\$0.376	Exercise of ESOS 2006
15 December 2010	66,000	S\$0.481	Exercise of ESOS 2006
15 December 2010	222,000	S\$0.445	Exercise of ESOS 2000
1 December 2010	12,000	S\$0.481	Exercise of ESOS 2006
1 December 2010	126,000	S\$0.254	Exercise of ESOS 2006
25 November 2010	73,017,429	Nil	Bonus issue
<b>Total: 76,676,029 Shares</b>			

**Notes:**

- (1) The ESOS 2000 was replaced by the ESOS 2006 approved by shareholders at an Extraordinary General Meeting held on 27 October 2006. Outstanding share options granted under the ESOS 2000, however, continue to be exercisable in accordance with the terms of ESOS 2000.
  - (2) On 25 November 2010, the Company issued an aggregate of 73,017,429 new Shares, credited as fully paid up on issue, to entitled shareholders pursuant to a bonus issue.
  - (3) On 22 November 2011, the Company issued a further 66,000 Shares at an issue price of S\$0.376 per Share pursuant to the exercise of options under the ESOS 2006.
- 

- (h) a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**
- 

The dates of, parties to and general nature of all material contracts entered into by the Group, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group, for the period of two (2) years before the date of lodgment of this Offer Information Statement are as follows:-

- (a) Placement Agreement dated 22 November 2011 between the Company and HL Bank in relation to the Proposed Issue;
- (b) Deed Poll dated 22 November 2011 in relation to the Proposed Warrants Issue;
- (c) Warrant Agency Agreement dated 22 November 2011 between the Company and Boardroom Corporate & Advisory Services Pte. Ltd. in relation to the Proposed Warrants Issue;
- (d) Nomination letter dated 15 September 2011 between Pronature and EYSPL pursuant to which Pronature had relinquished all its rights and interests in the sale and purchase agreement relating to the acquisition of the Property, and the Property, in favour of EYSPL, and had nominated EYSPL to complete the purchase of the Property;
- (e) Sale and purchase agreement dated 15 September 2011 between Pronature and Honfield Investment (Hong Kong) Limited in relation to the acquisition of the Property;
- (f) Provisional agreement for the sale and purchase of the Property dated 22 July 2011 between Pronature (as purchaser), Honfield Investment (Hong Kong) Limited (as vendor) and Midland Realty (Shops) Ltd. (as agent) in relation to the proposed acquisition of the Property for a consideration of HK\$149.8 million;



- (g) Application letter dated 2 June 2011 from HZL to the Company and accepted by the Company relating to the purchase of 7,310,755 ordinary shares and 1,462,151 free unlisted warrants of HZL for a total consideration of A\$2,778,086.76;
- (h) Option to purchase dated 13 May 2010 between the Company and Trivec Singapore Pte Ltd for the acquisition of the Tai Seng Property for a consideration of S\$12 million; and
- (i) Joint Venture Contract dated 28 December 2009 between the Company and Truong Xuan Viet in relation to their collaboration in opening a chain of upmarket TCM clinics in Vietnam.

Save as disclosed above, neither the Company nor its subsidiaries have entered into any material contract (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of lodgment of this Offer Information Statement.

## **PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

### **Operating Results**

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#### **1. Provide selected data from —**

- (a) **the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and**
  - (b) **any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.**
- 

The audited consolidated income statements of the Group for FY 2009, FY 2010 and FY 2011 and the unaudited consolidated income statements of the Group for 1Q 2011 and 1Q 2012 are set out below:-

## CONSOLIDATED INCOME STATEMENT

	FY 2009 (Audited) S\$'000	FY 2010 (Audited) S\$'000	FY 2011 (Audited) S\$'000	1Q 2011 (Unaudited) S\$'000	1Q 2012 (Unaudited) S\$'000
<b>Revenue</b>	<b>222,465</b>	<b>244,715</b>	<b>266,330</b>	<b>57,621</b>	<b>60,730</b>
Cost of sales	(108,890)	(120,262)	(131,301)	(27,342)	(28,608)
<b>Gross Profit</b>	<b>113,575</b>	<b>124,453</b>	<b>135,029</b>	<b>30,279</b>	<b>32,122</b>
Other operating income	912	2,272	4,774	669	459
Distribution and selling expenses	(71,199)	(79,067)	(82,988)	(20,093)	(21,317)
Administrative expenses	(21,154)	(21,833)	(22,193)	(5,283)	(5,046)
Other operating expenses	(3,269)	(1,138)	(1,070)	-	-
Interest income	62	29	73	11	19
Interest expense	(929)	(605)	(803)	(138)	(277)
Share of results of associate	-	-	640	-	-
<b>Profit before taxation and non-controlling interests</b>	<b>17,998</b>	<b>24,111</b>	<b>33,462</b>	<b>5,445</b>	<b>5,960</b>
Tax expense	(4,929)	(4,823)	(8,523)	(1,309)	(1,411)
<b>Profit for the financial year/quarter, net of tax</b>	<b>13,069</b>	<b>19,288</b>	<b>24,939</b>	<b>4,136</b>	<b>4,549</b>
<b>Profit attributable to:</b>					
<b>Owners of the Company</b>	<b>13,051</b>	<b>19,207</b>	<b>24,878</b>	<b>4,125</b>	<b>4,503</b>
Non-controlling interests	18	81	61	11	46
	<b>13,069</b>	<b>19,288</b>	<b>24,939</b>	<b>4,136</b>	<b>4,549</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY 2009 (Audited) S\$'000	FY 2010 (Audited) S\$'000	FY 2011 (Audited) S\$'000	1Q 2011 (Unaudited) S\$'000	1Q 2012 (Unaudited) S\$'000
<b>Profit for the financial year/quarter, net of tax</b>	13,069	19,288	24,939	4,136	4,549
<b>Other comprehensive income:</b>					
Revaluation of land and buildings, net	(3,731)	3,464	2,357	-	-
Foreign currency translation	3,273	(1,096)	(8,907)	(2,835)	91
Share of other comprehensive income of associate	-	-	(34)	-	-
<b>Other comprehensive income for the financial year/quarter, net tax</b>	(458)	2,368	(6,584)	(2,835)	91
<b>Total comprehensive income for the financial year/quarter</b>	12,611	21,656	18,355	1,301	4,640
<b>Total comprehensive income attribute to:</b>					
<b>Owners of the Company</b>	12,590	21,576	18,220	1,296	4,590
Non-controlling interests	21	80	135	5	50
	12,611	21,656	18,355	1,301	4,640
<b>Dividend per ordinary share (Singapore cents)</b>					
First and Final	1.0	1.0	1.0	-	-
Special	1.2	1.5	1.2	-	-
<b>Earnings per share (Singapore cents)</b>					
- Basic	3.02*	4.43*	5.67	0.95*	1.02
<b>Weighted average number of shares for EPS calculation</b>	433,452,617	433,823,466	438,881,924	434,418,507	440,317,210
<b>Earnings per share (Singapore cents)</b>					
- Diluted	3.01*	4.42*	5.61	0.94*	1.01
<b>Weighted average number of shares for EPS calculation</b>	433,896,981	434,791,542	443,643,458	437,927,275	444,846,658

	<b>FY 2009 (Audited) S\$'000</b>	<b>FY 2010 (Audited) S\$'000</b>	<b>FY 2011 (Audited) S\$'000</b>	<b>1Q 2011 (Unaudited) S\$'000</b>	<b>1Q 2012 (Unaudited) S\$'000</b>
<b>Earnings per share after the Proposed Warrants Issue (Singapore cents) <sup>(1)(2)</sup> -Basic</b>	<b>2.76*</b>	<b>4.18*</b>	<b>5.42</b>	<b>0.89*</b>	<b>0.94</b>
<b>Weighted average number of shares after the Proposed Warrants Issue for EPS calculation <sup>(1)(2)</sup></b>	<b>433,452,617</b>	<b>433,823,466</b>	<b>438,881,924</b>	<b>434,418,507</b>	<b>440,317,210</b>
<b>Earnings per share after the Proposed Warrants Issue (Singapore cents) <sup>(1)(2)</sup> -Diluted</b>	<b>2.76*</b>	<b>4.17*</b>	<b>5.36</b>	<b>0.88*</b>	<b>0.93</b>
<b>Weighted average number of shares after the Proposed Warrants Issue for EPS calculation <sup>(1)(2)</sup></b>	<b>433,896,981</b>	<b>434,791,542</b>	<b>443,643,458</b>	<b>437,927,275</b>	<b>444,846,658</b>
<b>Earnings per share after the Proposed Warrants Issue (Singapore cents) <sup>(1)(3)</sup> -Basic</b>	<b>2.63*</b>	<b>3.97*</b>	<b>5.16</b>	<b>0.85*</b>	<b>0.90</b>
<b>Weighted average number of shares after the Proposed Warrants Issue for EPS calculation <sup>(1)(3)</sup></b>	<b>455,452,617</b>	<b>455,823,466</b>	<b>460,881,924</b>	<b>456,418,507</b>	<b>462,317,210</b>
<b>Earnings per share after the Proposed Warrants Issue (Singapore cents) <sup>(1)(3)</sup> -Diluted</b>	<b>2.62*</b>	<b>3.97*</b>	<b>5.11</b>	<b>0.84*</b>	<b>0.89</b>
<b>Weighted average number of shares after the Proposed Warrants Issue for EPS calculation <sup>(1)(3)</sup></b>	<b>455,896,981</b>	<b>456,791,542</b>	<b>465,643,458</b>	<b>459,927,275</b>	<b>466,846,658</b>

**Notes:**

- (1) Based on the assumption that the Proposed Warrants Issue had been completed on 1 July 2008.
- (2) Based on the assumption that no warrants were exercised after the Proposed Warrants Issue to 30 June 2011.
- (3) Based on the assumption that all warrants were exercised after the Proposed Warrants Issue to 30 June 2011.

\* Restated as a result of bonus issue of one (1) bonus share for every five (5) existing ordinary shares held by existing shareholders as at 24 November 2010.

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2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
- (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
  - (b) earnings or loss per share; and
  - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.
- 

Noted. Please refer to paragraph 1 of this Part.

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3. In respect of —
- (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and
  - (b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

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## **Performance Review for 1Q 2012 vs 1Q 2011**

### **Overview**

Group revenue for the 1Q 2012 increased 5% to S\$60.7 million as compared to 1Q 2011. The increase was mainly attributable to the increase in retail sales in all our three (3) core markets. Operating profit increased 16% to S\$6.2 million while profit for the year, net of tax, attributed to owners of the parent increased 9% to S\$4.5 million.

(A) **Revenue**

Group revenue for 1Q 2012 increased by 5% to S\$60.7 million as compared to S\$57.6 million achieved in 1Q 2011. The increase was mainly attributable to the increase in retail sales in all our three (3) core markets, namely Hong Kong, Malaysia and Singapore.

**Revenue by Activities:**

Activities	Group		
	First Quarter ended		
	30-Sep-11	30-Sep-10	Change
	S\$'000	S\$'000	
Retail - TCM*	48,287	45,968	5%
Wholesale - TCM	7,617	7,206	6%
Clinic - TCM	4,214	3,816	10%
Others	612	631	-3%
	60,730	57,621	5%

\*TCM - comprising Chinese Proprietary Medicine (“CPM”), Health Foods and Medicinal Herbs.

Retail – TCM revenue achieved in 1Q 2012 was 5% higher than 1Q 2011. Retail activities were relatively resilient at our outlets throughout the regional markets as consumers continue to recognise our premium brand and accept TCM as an alternative to western medicine and health supplements. The Group’s top selling products such as Bo Ying Compound (“BYC”), Bottled Bird’s Nest (“BBN”), Bak Foong Pills (“BFP”), Lingzhi Cracked Spores Capsules (“LCS”) and Essence of Chicken (“EOC”) continue to be our top selling products.

Wholesale – TCM revenue increased by 6% to S\$7.6 million in 1Q 2012. The increase was mainly due to stock replenishment by wholesalers.

Clinic – TCM revenue increased by 10% to S\$4.2 million in 1Q 2012, mainly due to recognition of TCM as an alternative to western medicine.

Revenue under Others was mainly contributed from food & beverages and rental income.

**Turnover by Geographical Locations:**

		Group		
Core Countries		First Quarter ended		
		30-Sep-11	30-Sep-10	Change
		'000	'000	
Hong Kong*	SGD	27,672	25,126	10%
	HKD	175,884	143,844	22%
Singapore**	SGD	18,868	18,333	3%
Malaysia	SGD	14,190	14,162	0%
	MYR	35,065	32,961	6%
<b>Total</b>	SGD	<b>60,730</b>	<b>57,621</b>	<b>5%</b>

\* Includes Macau and China

\*\* Includes Australia

The Hong Kong market led our growth by 22% to HK\$176 million, the Malaysia market grew 6% to MYR35.1 million while the Singapore market increased by 3% to S\$18.9 million. These revenue growth in our core countries signified robust demand for our products as we continue to fulfill our vision to our customer.

**(B) 1Q2012 Outlets & Clinics**

Countries	Retail		General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre	
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Malaysia	2	81		3	-	-	-	-
Hong Kong	1	52	-	-	-	-	-	2
Singapore	-	49	-	18	-	2	-	-
China	1	5	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>189</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>

In 1Q 2012, the Group added four (4) retail outlets. The establishment of these new outlets will contribute positively to the improvement of our Group turnover.

**(C) Profitability**

In line with the higher revenue in Q1 2012, Gross Profit increased by 6% to S\$32.1 million compared to S\$30.3 million achieved in 1Q 2011. Gross Profit margin was stable at 50.9%. Operating Profit increased by 16% to S\$6.2 million as compared to 1Q 2011 was mainly due higher revenue growth in 1Q 2012.

Profit for the period, net of tax, attributable to Owners of the parent for 1Q 2012 increased by 9% to S\$4.5 million as compared to S\$4.1 million in 1Q 2011 was mainly due to higher revenue generated in the quarter.

**(D) Distribution and selling expenses**

In 1Q 2012, distribution and selling expenses increased 6% to S\$21.3 million as compared to 1Q 2011. The higher distribution and selling expenses were mainly due to higher salaries and rental expenses.

**(E) Administrative expenses**

In 1Q 2012, administrative expenses decreased 4% to S\$21.3 million as compared to 1Q 2011 was mainly due to the extension of cost cutting measures adopted since FY2010.

**(F) Interest income and Interest expenses**

Higher interest income was due to higher fixed deposits interest received from our principal bankers.

Higher interest expenses were attributable to higher interest bearings loans as compared with 1Q 2011.

**(G) Taxation**

Higher tax expenses were in line with higher profit before tax.

**(H) Inventories**

Higher inventories were due to stocking up at our retail outlets in anticipation of higher demand in the subsequent quarters.

**(I) Trade and other receivables**

Higher trade and other receivables were due to timing differences of payment from our debtors.

**(J) Prepayments**

Higher prepayments were mainly due to exercising of option to purchase a commercial property at 268 Des Voeux Road Central, Sheung Wan (Hong Kong), insurance premium and rental paid in advance.

**(K) Trade and other payables**

Higher trade and other payables were due to timing differences of payment to our creditors.

**(L) Interest bearing loans and borrowings**

Higher interest bearing loans and borrowings were mainly due to the financing of stock built up at our retail outlets in anticipation of higher demand in the subsequent quarters.

**(M) Tax Payable**

Higher tax payable was mainly due higher profit before tax in the quarter.



(N) **Cash flows**

Net cash generated from operating activities for 1Q 2012 was lower than last year same quarter. The decrease was mainly due to the increase in inventories at our retail outlets in anticipation of higher demand in the subsequent quarters.

As at 30<sup>th</sup> September 2011, the Group had cash and cash equivalent amounting to S\$34.5 million as compared to S\$33.6 million as at 30<sup>th</sup> September 2010.

The Group's gearing ratio was 32.1% as at 30<sup>th</sup> September 2011.

**Performance Review for FY 2011 vs FY 2010**

(A) **Revenue**

Group revenue for FY 2011 increased by 9% to S\$266.3 million as compared to S\$244.7 million achieved in FY 2010. The increase was mainly attributable to the increase in retail sales in all three (3) core markets of the Group, namely Hong Kong, Malaysia and Singapore.

***Revenue by Activities:***

Activities	Group		
	Year ended		Change
	30-Jun-11	30-Jun-10	
	S\$'000	S\$'000	
<b>Retail - TCM*</b>	219,856	197,625	<b>11%</b>
<b>Wholesale - TCM</b>	27,970	31,083	<b>-10%</b>
<b>Clinic - TCM</b>	15,919	14,298	<b>11%</b>
<b>Others</b>	2,585	1,709	<b>51%</b>
	<b>266,330</b>	<b>244,715</b>	<b>9%</b>

\* TCM - comprising CPM, Health Foods and Medicinal Herbs

Retail – TCM revenue achieved in FY 2011 was 11% higher than FY 2010. Retail activities were relatively resilient at our outlets throughout the regional markets as consumers continue to recognise our premium brand and accept TCM as an alternative to western medicine and health supplements. The Group's top selling products such as BBN, BYC, BFP, LCS and EOC continue to be the Group's top selling products.

Wholesale – TCM revenue decreased by 10% to S\$28 million in FY 2011. The decrease was mainly due to slower stock replenishment by wholesalers.

Clinic – TCM revenue increased by 11% to S\$16 million in FY 2011, mainly due to recognition of TCM as an alternative to western medicine.

Revenue under Others was mainly contributed from food and beverages and rental income.

**Turnover by Geographical Locations:**

		Group		
		Year ended		
Core Countries		30-Jun-11	30-Jun-10	Change
		'000	'000	
Hong Kong*	SGD	110,124	105,321	5%
	HKD	662,399	581,346	14%
Singapore**	SGD	76,591	67,675	13%
Malaysia	SGD	79,615	71,719	11%
	MYR	189,861	172,162	10%
<b>Total</b>	<b>SGD</b>	<b>266,330</b>	<b>244,715</b>	<b>9%</b>

\* Includes Macau and China

\*\* Includes Australia

The Hong Kong market led the Group's growth by 14% to HK\$662 million, the Singapore market grew 13% to S\$76.6 million while the Malaysia market increased by 10% to MYR190 million. The aforementioned revenue growth in the core countries signified robust demand for the Group's products.

**(B) FY 2011 Retail Outlets & Clinics**

Countries	Retail		General TCM Clinics		Premier TCM Clinics		Integrative Medical Centre	
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Malaysia	11	79		3	-	-	-	-
Hong Kong	5	51	-	-	-	-	-	2
Singapore	9	49	4	18	-	2	-	-
China	1	4	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-
<b>Total</b>	<b>26</b>	<b>185</b>	<b>4</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>

In FY 2011, the Group added twenty-six (26) outlets and four (4) clinics. The establishment of these new outlets and clinic will contribute positively to the improvement of the Group's turnover.

**(C) Profitability**

In line with the higher revenue in FY 2011, gross profit increased by 8% to S\$135 million compared to S\$124.5 million achieved in FY 2010. The gross profit margin was stable at 50.7%. The operating profit increased by 35% to S\$31.4 million as compared to FY 2010 mainly due to higher revenue growth in FY 2011.

The profit for the year, net of tax, attributable to owners of the parent for FY 2011 increased by 30% to S\$24.9 million as compared to S\$19.2 million in FY 2010 mainly due to higher revenue, other income and fair value gain on investment properties.

**(D) Other operating income**

The increase in other operating income was mainly due to government grants and membership fees subscription received in FY 2011.

**(E) Distribution and selling expenses**

In FY 2011, the Group's distribution and selling expenses increased 5% to S\$83.0 million as compared to FY 2010. The higher distribution and selling expenses were mainly due to higher salaries and rental expenses.

**(F) Administrative expenses**

In FY 2011, the Group's administrative expenses increased 2% to S\$22.2 million as compared to FY 2010 mainly due to the extension of cost cutting measures adopted since FY 2010.

**(G) Interest income and Interest expenses**

The higher interest income was due to higher fixed deposits interest received from the Group's principal bankers.

The higher interest expenses were attributable to higher interest bearings loans as compared with FY 2010.

**(H) Taxation**

The Group's higher tax expenses were mainly due to a settlement of S\$1.8 million following a tax investigation by Malaysian tax authorities regarding manufacturing rebates given to other Group subsidiaries from 2002 to 2007.

**(I) Investment properties**

The increase was due to the purchase of an industrial property in Singapore.

**(J) Investment in associate**

The increase was due to the purchase of a stake in Healthzone Limited ("HZL"), a company listed on the ASX.

The stake comprises of the following:-

- i) a private placement of 4,560,963 ordinary shares with 3,952,488 detachable warrants in August 2010 for a consideration of A\$1.4 million (approximately S\$1.7million);
- ii) open market purchase of 7,296,500 ordinary shares in August 2010 for a consideration of A\$2.2 million (approximately S\$2.7 million); and
- iii) a private placement of 7,310,755 ordinary shares with 1,462,151 detachable warrants in June 2011 for a consideration of A\$2.8 million (approximately S\$3.7million).

On acquisition date, the costs of the warrants were reclassified to Derivatives.

**(K) Trade and other receivables**

Lower trade and other receivables were due to timing differences of payment from our debtors.

**(L) Derivatives**

The increase was due to detachable warrants from the purchase of HZL's ordinary shares in FY 2011 measured at fair value.

The details of the detachable warrants are as follows:-

<b>Issuance date</b>	<b>Number of warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>
03-Aug-10	3,952,488*	A\$ 0.38	28-Feb-15
03-Jun-11	1,462,151**	0.48	03-Jun-16

**Note:**

*\*The detachable warrants are exercisable on condition that the ordinary share price of HZL exceeds A\$0.38 at the exercise date.*

*\*\* The detachable warrants are exercisable on condition that the ordinary share price of HZL exceeds A\$0.48 at the exercise date.*

**(M) Prepayments**

Lower prepayments were mainly due to the reclassification of the prepaid portion of an industrial property to investment properties upon the completion of the purchase.

**(N) Trade and other payables**

Lower trade and other payables were due to timing differences of payment to our creditors.

**(O) Interest bearing loans and borrowings**

Higher interest bearing loans and borrowings were mainly due to the purchase of an industrial property in Singapore.

(P) **Tax payable**

Higher tax payable was mainly due additional tax expense accrued relating to prior year tax assessment finalized by the tax authority in Malaysia.

(Q) **Cash flows**

Net cash generated from operating activities for FY 2011 was S\$32.6 million. The increase was mainly due to higher profit before tax and non-controlling interests.

The increase in net cash used in investing activities were mainly due to the acquisition of an investment property and investment in an associated company.

The increase in net cash provided by financing activities in FY 2011 was mainly attributed to proceeds from exercising of stock options.

As at 30<sup>th</sup> June 2011, the Group had cash and cash equivalent amounting to S\$38.8 million as compared to S\$35.6 million as at 30<sup>th</sup> June 2010.

The Group's gearing ratio was 29.7% as at 30<sup>th</sup> June 2011.

**Performance Review for FY 2010 vs FY 2009**

(A) **Revenue**

The Group's revenue for FY 2010 increased by 10% to S\$244.7 million as compared to S\$222.5 million achieved in FY 2009. The increase was mainly attributable to the increase in retail sales in all three (3) core markets of the Group, namely Hong Kong, Singapore and Malaysia.

**Revenue by Activities:**

Activities	Group		
	Year ended		Change
	30-Jun-10	30-Jun-09	
	S\$'000	S\$'000	
<b>Retail - TCM*</b>	197,625	174,120	<b>13%</b>
<b>Wholesale - TCM</b>	31,083	32,574	<b>-5%</b>
<b>Clinic - TCM</b>	14,298	14,328	<b>-</b>
<b>Others</b>	1,709	1,443	<b>18%</b>
	<b>244,715</b>	<b>222,465</b>	<b>10%</b>

\* TCM - comprising CPM, Health Foods and Medicinal Herbs

Retail – TCM revenue achieved in FY 2010 was 13% higher than FY 2009. Retail activities were relatively resilient at the Group's outlets throughout the regional markets as consumers continue to recognise the Group's premium brand and accept TCM as an alternative to western medicine and health supplements. The Group's top selling products such as BBN, BYC, BFP, LCS and EOC continue to show steady growth.

Wholesale – The TCM revenue decreased by 5% to S\$31.1 million in FY 2010 mainly due to lower export to China.

Clinic – The TCM revenue was flat at S\$14.3 million in FY 2010.

Revenue under Others was mainly contributed from food and beverages and rental income.

**Turnover by Geographical Locations:**

		Group		
Core Countries		Year ended		
		30-Jun-10	30-Jun-09	Change
		'000	'000	
Hong Kong*	SGD	105,321	98,809	7%
	HKD	581,346	522,342	11%
Singapore	SGD	67,134	62,424	8%
Malaysia**	SGD	71,719	60,846	18%
	MYR	172,162	145,052	19%
Others	SGD	541	386	40%
<b>Total</b>	<b>SGD</b>	<b>244,715</b>	<b>222,465</b>	<b>10%</b>

\* Includes Macau and China

\*\* Includes Taiwan

The Malaysia market lead the Group's growth by 19% to MYR172.2 million, the Hong Kong market grew 11% to HK\$581.0 million while the Singapore market increased by 8% to S\$67.1 million. These revenue growth in the core countries signified robust demand for the Group's products.

**(B) FY 2010 Retail Outlets & Clinics**

Countries	Retail Outlets		General TCM Clinics		Specialist TCM Clinics		Integrative Medical Centre	
	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total	Added / (Closed)	Total
Malaysia	4	68	-	3	-	-	-	-
Hong Kong	-	46	-	0	-	-	1	2
Singapore	2	40	(1)	14	-	2	-	-
China	(1)	3	-	-	-	-	-	-
Macau	-	2	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>159</b>	<b>(1)</b>	<b>17</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>2</b>

In FY 2010, the Group added five (5) retail outlets and one (1) integrative medical centre. The establishment of these new outlets and medical centre will contribute to the improvement in Group turnover.

**(C) Profitability**

In line with the higher revenue in FY 2010, the Group's gross profit increased by 10% to S\$124.5 million compared to S\$113.6 million achieved in FY 2009. The gross profit margin was stable at 50.9%. The Group's operating profit increased only by 15% to S\$23.3 million mainly due to slower growth in operating expenses.

Together with a fair value gain on the Group's properties, profit for the year, net of tax attributable to shareholders for FY 2010 increased by 47% to S\$19.2 million as compared to S\$13.1 million in FY 2009.

**(D) Distribution and selling expenses**

In FY 2010, distribution and selling expenses were S\$79.1 million or 11% higher than FY 2009. The higher distribution and selling expenses were mainly due to higher advertising and promotional activities, salaries and rental costs.

**(E) Administrative expenses**

In FY 2010, the administrative expenses increased by 3% to S\$21.8 million as compared to FY 2009. The increase was mainly due to higher corporate branding activities and other miscellaneous costs.

**(F) Interest income and Interest expenses**

The Group's lower interest income was due to lower fixed deposits interest offered by its principal bankers.

The Group's lower interest expenses were attributable to application of cash to retire interest bearings loans and borrowings during the year.

**(G) Taxation**

The Group's effective tax rate was lower in FY 2010 mainly due to the following:-

- (a) lower losses of foreign subsidiaries which cannot be offset against profit within the Group companies as compared to FY 2009; and
- (b) lower tax rate in certain foreign subsidiaries.

**(H) Investment Properties**

Increase in investment properties were due to fair value gain on revaluation of the Group's investment properties.

**(I) Inventories**

Higher inventories were due to stocking up at our retail outlets as at 30<sup>th</sup> June 2010.

**(J) Trade receivables and other receivables**

Higher trade receivables were due to timing differences of payment from our debtors and higher rental deposits required for new outlets.

**(K) Prepayments**

Higher prepayments were mainly due to exercising of option to purchase an industrial property at 21 Tai Seng Drive (Singapore), insurance premium and rental paid in advance.

**(L) Cash and bank balances**

Higher cash and bank balances were due to higher retail sales and collections from trade receivables as at 30<sup>th</sup> June 2010.

**(M) Trade and other payables**

Higher trade and other payables were mainly resulted from the replenishment of inventories to meet the demand in the subsequent quarters and the timing of repayments.

**(N) Cash flows**

Net cash provided by operating activities was lower at S\$24.7 million in FY 2010 as compared to S\$31.2 million achieved in FY 2009. The lower net cash provided by operating activities were mainly due to the strong Singapore dollar and the increase in inventories by S\$4.3 million as compared to a decrease in inventories by S\$7.8 million in FY 2009.

The Group's gearing ratio was 25.0% as at 30<sup>th</sup> June 2010.

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**Financial Position**

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- 4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of —**
- (a) the most recent completed financial year for which audited financial statements have been published; or**
  - (b) if interim financial statements have been published for any subsequent period, that period.**
-



## Statements of Financial Position as at 30 June 2011 and 30 September 2011

	Group FY 2011 (Audited) \$'000	Group 1Q 2012 (Unaudited) \$'000
<b>Non-current assets</b>		
Property, plant and equipment	66,116	68,948
Investment in associate	7,626	7,626
Investment properties	22,028	22,027
Intangible assets	710	809
	96,480	99,410
<b>Current assets</b>		
Inventories	45,511	60,663
Trade and other receivables	15,482	16,809
Prepaid expenses	3,576	6,151
Derivatives	1,183	1,183
Cash and cash equivalents	38,779	34,486
	104,531	119,292
<b>Current liabilities</b>		
Trade and other payables	28,525	36,005
Provision for long service payments	1	1
Interest bearing loans and borrowings	25,070	28,193
Hire purchase creditors	122	154
Provision for restoration costs	379	381
Deferred revenue	1,951	2,140
Tax payable	6,068	6,877
	62,116	73,751
<b>Net current assets</b>	42,415	45,541
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	10,000	11,292
Long term loans from non-controlling shareholders of subsidiaries	141	142
Hire purchase creditors	298	334
Provision for restoration costs	1,555	1,557
Provision for long service payments	66	67
Deferred tax liabilities	6,366	6,374
	18,426	19,766
	120,469	125,185
<b>Equity attributable to owners of the Company</b>		
Share capital	38,539	38,630
Reserves	81,576	86,151
	120,115	124,781
<b>Non-controlling interests</b>	354	404
<b>Total equity</b>	120,469	125,185

	<b>Group FY 2011 (Audited) \$'000</b>	<b>Group 1Q 2012 (Unaudited) \$'000</b>
Net asset per share (Singapore cents)	27.2	28.3
Number of shares	441,415,217	441,615,217
Net asset per share after Proposed Warrants Issue (Singapore cents) <sup>(1)</sup>	27.4	28.5
Number of shares after Proposed Warrants Issue <sup>(1)(2)</sup>	441,415,217	441,615,217
Net asset per share after Proposed Warrants Issue (Singapore cents)	30.0	31.0
Number of shares after Proposed Warrants Issue <sup>(3)</sup>	463,415,217	463,615,217

**Notes:**

- (1) Based on the assumption that the Proposed Warrants Issue has been completed on 1 July 2010.  
(2) Assuming no Warrants had been exercised as at 30 June 2011.  
(3) Assuming all Warrants had been exercised as at 30 June 2011 at the exercise price of S\$0.83.

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- 5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:**
- (a) number of shares after any adjustment to reflect the sale of new securities;**
  - (b) net assets or liabilities per share; and**
  - (c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.**
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Noted. Please refer to paragraph 4 of this Part.

**Liquidity and Capital Resources**

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- 6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of —**
- (a) the most recent completed financial year for which financial statements have been published; and**
  - (b) if interim financial statements have been published for any subsequent period, that period.**
-

The consolidated statement of cash flows for FY 2011 and the unaudited consolidated statement of cash flows for 1Q 2012 are set out below:-

	<b>FY 2011</b> <b>(Audited)</b> \$'000	<b>1Q 2012</b> <b>(Unaudited)</b> \$'000
<b>Cash flows from operating activities:</b>		
Profit before taxation	33,462	5,960
Depreciation of property, plant and equipment	6,486	1,546
Amortisation of intangible assets	307	86
Gain on disposal of property, plant and equipment	(16)	(58)
Property, plant and equipment written off	151	2
Foreign currency translation realignment	(3,329)	130
Impairment of goodwill	93	-
Fair value gain on investment properties	(2,547)	-
Fair value gain on derivatives	(128)	-
Inventories written-down	189	-
Inventories written off	489	-
Reversal of write-down of inventories	(348)	-
Reversal of doubtful receivables (trade)	(247)	-
Bad debts (trade) written off	8	-
Interest expense	803	277
Interest income	(73)	(19)
Share-based payment expense	642	-
Share of results of associate	(640)	-
Deferred revenue	644	189
Decrease in long service payments	(113)	-
<b>Operating cash flows before changes in working capital</b>	<b>35,833</b>	<b>8,113</b>
Decrease/(increase) in trade and other receivables	4,638	(1,329)
Decrease/(increase) in prepayments	492	(2,575)
Increase in inventories	(886)	(15,152)
(Decrease)/increase in trade and other payables	(644)	7,480
<b>Cash flows from operations</b>	<b>39,433</b>	<b>(3,463)</b>
Interest received	73	19
Interest paid	(803)	(277)
Tax refund	98	39
Income taxes paid	(6,236)	(701)
<b>Net cash flows from/(used in) operating activities</b>	<b>32,565</b>	<b>(4,383)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment (Note A)	(7,261)	(4,013)
Purchase of investment property	(12,486)	-
Purchase of intangible assets	(396)	(183)
Proceeds from sale of property, plant and equipment	47	58
Investment in an associate	(7,009)	-
Purchase of derivatives	(1,055)	-
Net cash outflow on acquisition of business by a subsidiary	(961)	-
<b>Net cash used in investing activities</b>	<b>(29,121)</b>	<b>(4,138)</b>

	<b>FY 2011</b> <b>(Audited)</b> \$'000	<b>1Q 2012</b> <b>(Unaudited)</b> \$'000
<b>Cash flows from financing activities:</b>		
Proceeds from interest bearing loans and borrowings	50,190	5,952
Repayment of interest bearing loans and borrowings	(41,676)	(1,530)
Repayment of hire purchase creditors	(155)	(42)
Proceeds from exercise of employee share options	2,704	76
Dividends paid	(9,126)	-
<b>Net cash generated from financing activities</b>	<b>1,937</b>	<b>4,456</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,381</b>	<b>(4,065)</b>
Cash and cash equivalents at beginning of the financial year/quarter	35,605	38,779
Effects of exchange rates changes on cash and cash equivalents	(2,207)	(228)
<b>Cash and cash equivalents at end of the financial year/quarter</b>	<b>38,779</b>	<b>34,486</b>

#### **Purchase of property, plant and equipment**

Aggregate cost of property, plant and equipment acquired	9,934	4,122
Less:		
Acquisition through business combination	(1,130)	-
	8,804	4,122
Less:		
Financed by hire purchase creditors	(370)	(109)
Restoration costs capitalised	(1,173)	-
Cash payments to acquire property, plant and equipment	7,261	4,013

#### FY 2011

Net cash generated from operating activities for FY 2011 was S\$32.6 million. The increase was mainly due to higher profit before tax and non-controlling interests.

The increase in net cash used in investing activities was mainly due to the acquisition of an investment property and investment in an associated company.

The increase in net cash provided by financing activities in FY 2011 was mainly attributed to proceeds from exercising of stock options.

As at 30<sup>th</sup> June 2011, the Group had cash and cash equivalent amounting to S\$38.8 million as compared to S\$35.6 million as at 30<sup>th</sup> June 2010.

## 1Q 2012

Net cash generated from operating activities for 1Q 2012 was lower than last year same quarter. The decrease was mainly due to the increase in inventories at our retail outlets in anticipation of higher demand in the subsequent quarters.

As at 30<sup>th</sup> September 2011, the Group had cash and cash equivalent amounting to S\$34.5 million as compared to S\$33.6 million as at 30<sup>th</sup> September 2010.

The Group's gearing ratio was 32.1% as at 30<sup>th</sup> September 2011.

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- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**
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In the reasonable opinion of the Directors, after taking into consideration the Group's internal sources of funds, the Group's present banking and credit facilities, the resources available to the Group and the net proceeds of the Proposed Issue, the working capital available to the Group as at the date of this Offer Information Statement is sufficient to meet its present requirements.

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- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide —**
- (a) a statement of that fact;**
  - (b) details of the credit arrangement or bank loan; and**
  - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**
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The Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Group's financial position and results or business operations, or the investments by holders of securities in the Company.

## Trend Information and Profit Forecast or Profit Estimate

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9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.
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Save as disclosed below and in this Offer Information Statement, the Directors are not aware of any trends, uncertainties, demands, commitments, or events which are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Information Statement to be not necessarily indicative of the future operating results or financial condition.

As disclosed in full year results announcement for the year ending 30 June 2011 on 25 August 2011, the demand for quality healthcare products and services may remain resilient, driven by growing affluence and ageing population. However, sovereign debts problems in the West, coupled with increasing commodity and food prices may erode economic growth and affect consumer sentiments.

With a backdrop of weaker economic outlook, the general market and business conditions are expected to remain challenging and competitive in the next 12 months. The stronger Singapore dollar against Hong Kong dollar may continue to impact our results when expressed in Singapore dollar terms. Moving forward, the Group's strategy is to continue leveraging on its competency and brand strength to explore opportunities to grow its core business. The Group will continue to manage its business risks prudently and review its business strategy with a view to enhance shareholders' value.

### **RISK FACTORS**

#### **Fluctuation in Costs of Herbs**

We source herbs such as ginseng and cordyceps for sale in our retail outlets, and as raw materials for our manufacturing operations. The herbs are natural produce cultivated or found in the wild in countries such as China, Indonesia, Korea and the USA. They are traded internationally and are subject to market price fluctuations. Any sharp appreciation in the prices of herbs which cannot be substantially passed on to the consumers will have an adverse impact on our profitability.

#### **New Regulations**

There is a general trend towards increased regulation of the TCM industry in the key markets in which we operate. Changes in regulation could pose short-term risks to our profitability by rendering certain of our products not saleable in their present formulation.

For example, most pill and powder products manufactured by us contain combinations of herbs. Any change in regulations in one country could result in one or more of the herbs used by us being classified as medicine, and therefore subject to strict control over pre-approval testing, manufacturing, distribution and labelling. In this scenario, we would need to withdraw the products containing the herb or herbs from the market and reformulate them to comply with the new regulations. The withdrawal of a product from the market may negatively impact our sales and profitability in the short term.

### **Political and Regulatory Considerations**

We have substantial business, assets and manufacturing facilities in Hong Kong and Malaysia. Accordingly, changes in and compliance with various laws and regulations of these countries may reduce our profits. Changes in and implementation of, *inter alia*, the following may adversely affect our operations: (a) legislation and policies related to the manufacture, sale and distribution of TCM; (b) taxation; (c) restrictions on currency conversion or the transfer of funds; (d) restrictions on exports, imports or sources of raw materials; (e) legislation and policies related to the permitted level of foreign ownership; and (f) expropriation of private enterprise.

### **Foreign Exchange Risks**

We are exposed to possible gains or losses on transactions denominated in currencies other than the S\$, being the currency for the reporting of our financial results. As our sales and purchases are in various currencies such as HK\$, RM, US\$ and S\$, fluctuations in the value of these currencies against the S\$ may have an adverse effect on our results.

We are also exposed to foreign exchange fluctuations arising from foreign currency translations (as at the balance sheet date of our subsidiaries) from HK\$, RM, A\$, Baht, MOP, RMB, US\$ and IDR, as the case may be, to S\$.

### **Dependence on the Retail Industry**

As retail and wholesale transactions account for almost all of our turnover, we are inevitably dependent on consumers' demand, which is affected generally by regional economic conditions and in particular, the performance of the retail industry.

We may be vulnerable to consumers substituting our products with lower priced alternatives during periods of economic difficulty as evidenced by the performance of a few of our stores in the last economic crisis.

### **Dependence on Senior Management and Experienced Personnel**

Our continued success is dependent to a large degree on our ability to retain our senior management and experienced personnel. The loss of the services of senior management personnel without suitable replacement can adversely affect our performance. Mr. Robert James Yee Sang Eu, our Chairman and Group Managing Director, China, Mr. Richard Yee Ming Eu, our Group Chief Executive Officer and Mr Clifford Yee Fong Eu, our Group Managing Director, International, are the driving forces behind our growth and success. The loss of services of these personnel and also the persons occupying the key positions of general managers could therefore affect our sales and profitability until such time when suitable replacements are found.

## **We do not have any management control over associate companies which we have invested in**

The associate companies which we have invested in may contribute to our Group's profit or loss before tax and our Group's results in general. We are not majority shareholders of these associate companies and we do not have management or operational control. As such, there is no assurance that the outcome of voting on resolutions tabled before the board of management or directors of these companies will be favourable to us.

There is no assurance that our associate companies will be successful in implementing their business strategies. Any failure by our associate companies to successfully implement their business strategies may result in our Group incurring losses or taking a write down on our investment in the aforesaid companies. There is also no assurance that the associate companies which we have invested in will continue to grow and be or remain profitable.

As a minority shareholder of these companies, there is no guarantee that the outcome of voting on resolutions tabled before the shareholders of these companies will be favourable to us. For example, there may not be pre-emptive rights entrenched in the memorandum and articles of association of the associate companies which we have invested in and thus we may not have a right of first refusal over any future share issues by these companies. There is thus no assurance that our shareholdings in these companies will not be diluted due to any share issues to other shareholders or third parties.

On 18 November 2011, we announced that our ASX-listed associate, HZL, had announced that receivers and managers of the assets and undertaking of HZL and a number of its related bodies corporate had been appointed by a secured creditor of those companies, and that voluntary administrators of HZL and a number of its related bodies corporate had also been appointed by a secured creditor of those companies. The ASX had suspended the securities of HZL from official quotation following such appointment of receivers and managers and voluntary administrators to HZL. On 21 November 2011, we announced that the chief executive officer of HZL had left such position as of 18 November 2011.

In the event of a deterioration in the financial condition, or insolvency, of HZL, our investment in HZL would be adversely impacted and we may have to write down all or part of our investment in HZL, which would have a negative impact on our Group's financial position.

## **The uncertain global economic outlook may adversely affect our business operations, financial condition, prospects and future plans**

Since 2008, disruption in global credit markets, coupled with a repricing of credit risks, and a slowdown in the global economy have created increasingly difficult conditions in the financial markets. These developments have resulted in historic volatility in equity securities markets, tightening of liquidity in credit markets, widening of credit spread and loss of market confidence. Most recently, these developments have resulted in the failure of a number of financial institutions in the USA and unprecedented actions by governmental authorities and central banks around the world. There is a potential for new laws and regulations regarding lending and funding practices and liquidity stands, and governments and bank regulatory agencies are expected to be aggressive in adopting such new measures in response to concerns and identified trends. It is difficult to predict how long these developments and measures will exist and how our markets and businesses may be



affected. These developments may be exacerbated by persisting volatility in the financial sector and the capital markets or concerns about, or a default by, one or more institutions which could lead to significant market wide liquidity problems, losses or defaults by other institutions. Accordingly, these developments and measures could potentially present risks to us for an extended period of time, including a slowdown in sales, increase in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us, our customers and our suppliers, thereby adversely affecting our future financial performance or results of operations.

### **We may be affected by terrorist attacks and other acts of violence, wars, or an outbreak of diseases**

Any fresh occurrence of terrorist attacks such as those which occurred in the USA, India and Indonesia or acts of violence may lead to uncertainty in the economic outlook of our markets. All these could have a negative impact on the demand for our products and our sales, and our business operations, financial performance and financial condition may be adversely affected.

Furthermore, an outbreak of infectious diseases such as the severe acute respiratory syndrome (SARS) in the countries in which we operate may adversely affect our business operations, financial performance and financial condition. If an outbreak of such infectious diseases occurs in any of the countries in which we have operations in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on our business operations, financial performance and financial condition. Our staff and employees in these countries may also be affected by any outbreak of such infectious diseases and this may affect our day-to-day operations.

### **Product Defects, Contamination and Adulteration**

From time to time, the TCM market has been affected by accusations of adulteration and its public image has suffered as a result. As one of the participants in the industry, we would be adversely affected by any deterioration in the public image of TCM.

As with all consumables, our products are subject to the risk of defect and contamination. We cannot completely eliminate the probability that our products could become defective and contaminated and we may be subject to claims from consumers. In the event that claims exceed our insured amount, we will finance the excess with internal resources. Nevertheless, if our products were found to be defective or contaminated, it would have a negative impact on our reputation and hence, sales and profitability.

### **Counterfeit Products**

We are aware that copies or counterfeits of our products are found in certain countries and markets. These counterfeit products, which are usually inferior to and sold at lower prices than the authentic products, may create confusion among customers who purchase them in the belief that they are genuine and as such, may tarnish the image of the Eu Yan Sang brand. There is no assurance that the problems associated with counterfeit products will not affect us and our products. When this happens, our sales and profit may be affected adversely. We have experienced incidents of counterfeit products in southern China relating to our flagship products, Bak Foong Pills and Bo Ying Compound.

## **Low Barriers to Entry**

Although many years of study are required to master the practice of TCM formulation and dispensing, the technical barriers to manufacturing TCM are comparatively low. The recipes and the proportions of ingredients used in a TCM product have been handed down for centuries and many companies offer products that claim to treat the same conditions. In an industry with few technical barriers to entry, there have been instances where other manufacturers or retailers have been suspected of using inferior or fake ingredients, or product adulteration. In common with all TCM companies, we may be vulnerable to the poor image resulting from these undesirable practices, which may in turn affect our sales and profit adversely.

### **If our TCM formulated products are found to have any active ingredients harmful to the human body, our profitability will be affected**

It is difficult to ascertain or isolate the active ingredients of TCM formulated products to which the therapeutic effects may be ascribed. In the event that our TCM formulated products are found to contain certain side effects which are harmful to the human body, acceptance of our TCM formulated products may fall and our revenue, profitability and prospects may be adversely and materially affected.

### **Our growth is dependent on the growing acceptance of TCM formulated products**

TCM formulated products are gaining acceptance but they are not as generally accepted and recognised as Western medicine. As such, our growth is dependent on the growing acceptance of TCM formulated products. If any person suffers ill effects after the consumption of any of these products, this could affect the public's perception of TCM regardless of the nature of such ill effects. As a result, this may cause the demand for our products to decline and our business and financial performance will be adversely affected.

### **There is no assurance that we will successfully develop new products and/or that these new products are approved by the relevant authorities**

Our future prospects are substantially dependent on our ability to develop new products and new applications of existing products. There is no assurance that any research and development conducted by our Group will lead to any positive result or can be completed within the anticipated time frame or the costs of such research and development can be recovered. Products may fail to reach the market for a variety of reasons, including the failure to meet the clinical safety, clinical efficacy or other standards and requirements in tests and trials, and the delay in obtaining or failure to obtain the necessary regulatory approvals. There is no assurance that our existing and/or potential competitors will not develop products that are similar or superior to our products. Even if our research and development efforts result in the successful development of new products and new applications of existing products, poor market strategy could hinder the successful commercialisation of these products. Consequently, our expenditure on research and development may not yield positive returns, and this would have an adverse impact on our profitability.

### **We may require additional funding for our future growth through secondary issue(s) of securities**

We may require additional funding by way of secondary issue(s) of securities to develop growth opportunities. If new Shares placed to new and/or existing shareholders are issued, they may be priced at a discount to the then prevailing market price of the Shares trading on the SGX-ST, in which case, existing shareholders' equity interest may be diluted. If our Group fails to utilise the new equity to generate a commensurate increase in earnings, the EPS will be diluted, and this could lead to a decline in the Share price.

### **We are subject to restrictions under our existing financing arrangements and may require additional funding in the form of additional debt financing**

Our Group is subject to restrictions and covenants (including financial covenants) under its existing financing arrangements which could limit the ability of our Group to raise additional financing or borrow funds. This could limit the ability of our Group to pursue its growth plans and limit our Group's flexibility in planning for, or reacting to changes in the business and industry in which our Group operates. Such debt financing includes borrowings which are not committed and may not be renewed. If our Group is unable to secure the additional funding where required, our Group's growth or financial performance will be adversely affected.

Our Group may also require additional debt financing to fund our growth and expansion. Such additional debt financing may include short term and long term borrowings which are not committed. Any additional debt financing may contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters. Such restrictive covenants may restrict the ability of our Group to acquire properties or undertake other capital expenditure and may require our Group to set aside funds for maintenance or repayment of security deposits or require our Group to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on the financial condition of our Group. In addition, if our Group is unable to secure the additional funding that may be required, our Group's growth or financial performance will be adversely affected.

If our Group defaults under its debt facilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or upon any guarantees provided. If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds from other capital sources, such as new equity capital, our Group will not be able to pay dividends at expected levels to Shareholders or to repay all maturing debt. In such event, the operations and financial condition of our Group may be adversely affected.

### **There is no assurance that we will successfully implement our business strategies**

We are not able to assure you that we will be successful in implementing our business strategies. Failure to do so will result in us incurring expenses, without increasing our revenue and hence incurring losses or suffer decreasing profits.

**We may not compete successfully with our competitors which could result in reduced revenue**

Competition in the TCM industry is highly intense. While the entry barriers to the TCM industry are high in terms of research and development capability and capital investment, there may be certain local and overseas entities carrying out research and development of TCM products that we currently develop and produce. Our competitors in the TCM industry may have better resources than us in the form of capital, research and development, manufacturing and marketing capabilities. The failure to deal with any increase in competition could adversely affect our business and operating results.

**We may not be able to manage our costs efficiently**

We have to manage our operations principally in terms of time, procurement of materials and allocation of resources in our production process. If our cost estimates are incorrect or delays occur during the course of production resulting in cost overruns, our profitability will be adversely affected. We may also face potential liability from legal suits brought against us by our customers who have suffered losses due to our delayed deliveries. This will increase our costs and adversely affect our profitability and financial performance.

- 
- 10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**
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No profit forecast is disclosed in this Offer Information Statement.

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- 11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**
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No profit forecast or profit estimate is disclosed in this Offer Information Statement.

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- 12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**
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No profit forecast is disclosed in this Offer Information Statement.

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- 13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part —**
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or**
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.**
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No profit forecast is disclosed in this Offer Information Statement.

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- 14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part —**
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or**
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.**
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No profit forecast is disclosed in this Offer Information Statement.

## Significant Changes

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15. Disclose any event that has occurred from the end of —
- (a) the most recent completed financial year for which financial statements have been published; or
  - (b) if interim financial statements have been published for any subsequent period, that period,
- to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.
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Save as disclosed in this OIS, the Directors are not aware of any event which has occurred since 30 June 2011 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group.

## Meaning of “published”

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16. In this Part, “published” includes publications in a prospectus, in an annual report or on the SGXNET.

Noted.

## PART VI: THE OFFER AND LISTING

### Offer and Listing Details

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1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.
- 

Issue price: S\$0.04 for each Warrant.

No expenses will be specifically charged by the Company to the subscribers for subscribing for their Warrants.

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- 2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**
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The Warrants are to be listed on the SGX-ST. Approval in-principle has been obtained on 16 November 2011 from the SGX-ST for the listing of and quotation for the Warrants and the new Shares to be issued upon the exercise of the Warrants on the SGX-ST as announced by the Company on 16 November 2011.

The Issue Price of S\$0.04 for each Warrant and the Exercise Price of S\$0.83 for each new Share was agreed between the Company and the Placement Agent on the Price Fixing Date after taking into consideration recent market conditions and the traded prices of the Shares in the Company preceding the signing of the Placement Agreement.

Based on the Exercise Price of each Warrant, the aggregate cost of subscribing to each new Share upon the exercise of a Warrant is S\$0.83 which represents a premium of approximately 23.77% to S\$0.6706, being the weighted average price of Shares traded on the SGX-ST on the full Market Day of 22 November 2011, being the date of signing of the Placement Agreement.

The Exercise Price of S\$0.83 per Share also represents a premium of approximately 18.89% to the five-day weighted average traded price of the Shares on the SGX-ST prior to the signing of the Placement Agreement.

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- 3. If —**
- (a) any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and**
  - (b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**

**indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.**

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None of the Shareholders has pre-emptive rights to subscribe for the Warrants.

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- 4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange —**
- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities —**

- (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
- (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or

The Warrants are not of a class of securities that are currently listed for quotation on any securities exchange. The Shares in respect of which the Warrants are exercisable for are listed and quoted on the SGX-ST.

The price range and volume of the Shares traded on the SGX-ST over the last twelve (12) months immediately preceding the Latest Practicable Date and for the period from 1 November 2011 to the Latest Practicable Date are as follows:-

Month	Price Range		Volume of Shares Traded ('000)
	High	Low	
November 2010	1.100	0.810	9,556
December 2010	0.875	0.800	4,625
January 2011	0.855	0.720	5,575
February 2011	0.765	0.690	2,017
March 2011	0.750	0.715	1,937
April 2011	0.755	0.605	1,777
May 2011	0.765	0.690	4,537
June 2011	0.830	0.760	6,068
July 2011	0.805	0.765	3,638
August 2011	0.805	0.700	3,620
September 2011	0.765	0.715	4,347
October 2011	0.795	0.715	2,661
1 November 2011 to the Latest Practicable Date	0.765	0.705	1,161

**Source: Bloomberg L.P.**

Bloomberg L.P. has not consented to the inclusion of the price range and volume of shares quoted under this section and is thereby not liable for these statements under Section 253 and Section 254 of the SFA. The Company has included the above information in its proper form and context in this Offer Information Statement and has not verified the accuracy of the above information.



**Note:**

- (1) The Company completed a bonus issue on the basis of one (1) bonus share for every five (5) existing ordinary shares held in the capital of the Company, with the books closure date being 24 November 2010. The bonus shares were listed and quoted on the SGX-ST, and trading in the bonus shares commenced at 9.00 a.m. on 1 December 2010.
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- (b) **in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities —**
- (i) **for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and**
- (ii) **for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;**
- 

Not applicable, as the Warrants are not listed for quotation on any securities exchange.

The Shares have been listed for quotation on the SGX-ST for more than twelve (12) months immediately preceding the Latest Practicable Date.

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- (c) **disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and**
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There has been no significant trading suspension of the Shares on the SGX-ST during the three (3) years immediately preceding the Latest Practicable Date.

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- (d) **disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.**
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The Shares are regularly traded on the SGX-ST.

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**5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide —**

- (a) **a statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**
-

The rights, preferences and restrictions attached to the Warrants are set out in Schedule 1 of the Deed Poll. The schedule has been reproduced in its entirety in Appendix 1 of this Offer Information Statement and where applicable, may have to be read in conjunction with the Deed Poll. Copies of the Deed Poll are available for inspection at the office of the warrant agent, this being Boardroom Corporate & Advisory Services Pte. Ltd.. Additional warrants, whether ranking in priority to or *pari passu* with the Warrants may be created and issued by way of an ordinary resolution of the Shareholders, and in accordance with the matters set out in Appendix 1 of this Offer Information Statement.

## Plan of Distribution

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6. **Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**
- 

HL Bank has been appointed by the Company as the Arranger and Placement Agent for the Proposed Issue to subscribe and/or purchase, or to procure subscribers and/or placees for the Notes and the Warrants on the terms and conditions set out in the Placement Agreement and the Company had agreed to pay to HL Bank the Placement Fee.

HL Bank, as Arranger to the Proposed Issue, has also been paid an arrangement fee of an amount equivalent to 0.5% of the Gross Proceeds of the Proposed Issue.

Under the terms of the Placement Agreement, HL Bank shall, *inter alia*, not offer the Notes and/or Warrants for sale to or procure subscriptions or purchases from any directors or substantial shareholders of the Company or other related parties (as defined in Rule 812 of the Listing Manual) unless such subscription or purchase is otherwise agreed to by the SGX-ST and use its best endeavours to ensure that the the issue of the Warrants will not cause a transfer of a controlling interest in the Company in contravention of Rule 803 of the Listing Manual.

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7. **Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**
- 

## Placement Agreement

Under the terms of the Placement Agreement, HL Bank as Placement Agent shall subscribe and/or purchase, or procure subscribers and/or placees for all the Notes and the Warrants. Subject to compliance with Rule 826 of the Listing Manual, HL Bank shall be entitled to subscribe for and/or purchase as principal any of the Notes and/or Warrants without first attempting to procure subscribers and/or placees for such Notes and/or Warrants.

Under the terms of the Placement Agreement, the Company shall pay to the Placement Agent a placement fee of 2.5% of the Gross Proceeds, which shall be payable as follows:-

- (a) S\$62,500, being 0.25% of the Gross Proceeds, which was paid upon the signing of the Term Sheet;
- (b) S\$187,500, being 0.75% of the Gross Proceeds, to be paid immediately upon the execution of the Placement Agreement; and
- (c) S\$375,000, being 1.50% of the Gross Proceeds, to be paid upon closing of the Proposed Issue.

## **PART VII: ADDITIONAL INFORMATION**

### **Statements by Experts**

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- 1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**
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Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

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- 2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert:-**
- (a) state the date on which the statement was made;
  - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and
  - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.
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Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

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- 3. The information referred to in paragraph 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**
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Not applicable.

## Consents from Issue Managers and Underwriters

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4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.
- 

HL Bank, the Arranger and Placement Agent has given, and has not withdrawn, its written consent to the issue of this Offer Information Statement with the inclusion of its name and all references thereto, in the form and context in which it appears in this Offer Information Statement.

## Other Matters

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5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly —
- (a) the relevant entity's business operations or financial position or results;  
or
  - (b) investments by holders of securities in the relevant entity.
- 

Save as disclosed in this Offer Information Statement, the Directors are not aware of any other matter which could materially affect, directly or indirectly, the Group's business operations, financial position, or results or investments by holders of securities in the Company.

## **PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES**

Not applicable.

## **PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES**

Not applicable.

## **PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE**

Not applicable.

## APPENDIX 1 – TERMS AND CONDITIONS OF THE WARRANTS

The warrants (the “**Warrants**”) to subscribe for new ordinary shares (“**Shares**”) in the capital of Eu Yan Sang International Ltd (the “**Company**”) are issued subject to and with the benefit of a deed poll (the “**Deed Poll**”) dated 22 November 2011 made by the Company. The issue of the Warrants was authorised by resolutions of the Shareholders passed on 27 October 2011. The statements in these terms and conditions of the Warrants (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Deed Poll. Copies of the Deed Poll are available for inspection at the specified office of the warrant agent referred to in Condition 4.7 (the “**Warrant Agent**”) and the holders of the Warrants (the “**Warrantholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed Poll.

### 1. Definitions

For the purposes of these Conditions and subject as otherwise provided herein:

“**Act**” means the Companies Act (Cap. 50, Singapore Statutes) as the same may be modified, amended or supplemented from time to time.

“**Approved Bank**” means any bank or merchant bank in Singapore of international repute and selected by the Directors.

“**Business Day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks in Singapore, the SGX-ST, the Depository and the Warrant Agent are open for business.

“**CPF**” means the Central Provident Fund.

“**CPF Act**” means the Central Provident Fund Act (Cap. 36, Singapore Statutes), as the same may be modified, amended or supplemented from time to time.

“**CPF Approved Bank**” means any bank appointed by the CPF Board to be a bank for the purposes of the CPF Regulations.

“**CPF Board**” means the Board of the CPF established pursuant to the CPF Act.

“**CPF Investment Account**” means an account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn for, *inter alia*, payment of the Exercise Price arising from the exercise of each Warrant.

“**CPF Regulations**” means the Central Provident Fund (Investment Schemes) Regulations, as the same may be modified, amended or supplemented from time to time.

“**Depositor**”, “**Depository**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 130A of the Act.

“**Directors**” means the Directors for the time being of the Company.

“**Exercise Date**” means, in relation to the exercise of a Warrant, the Business Day on which the applicable conditions referred to in Condition 4.1 are fulfilled, or (if fulfilled on different days) on which the last of such conditions is fulfilled, provided

that if any such day falls during a period when the Register is closed, then the Exercise Date shall be the next following Business Day on which the Register is open.

**“Exercise Notice”** means a notice (for the time being current and as the same may be modified or amended from time to time) for the exercise of the Warrants, copies of which may be obtained from the Warrant Agent.

**“Exercise Period”** means the period during which the Warrants may be exercised, commencing on and including the date of the issue of the Warrants and expiring at 5:00 p.m. on the Expiration Date, unless such date is a date on which the Register is closed or is not a Market Day, in which event the period shall end on the Market Day prior to the closure of the Register or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register may be closed pursuant to Condition 4.6.

**“Exercise Price”** means, in respect of each Warrant, S\$0.83 for each Share, subject to adjustment in accordance with Condition 5.

**“Expiration Date”** means the date falling five (5) years after the date of issue of the Warrants.

**“Interest Payment Date”** shall have the meaning ascribed to it in the Trust Deed.

**“Last Dealt Price”** means, in relation to a Share on a relevant Market Day, the last dealt price per Share for one (1) or more board lots of Shares on that Market Day on which there is trading of the Shares on the SGX-ST.

**“Market Day”** means a day on which the SGX-ST is open for securities trading in Singapore.

**“Register”** means the Register of Warranholders to be maintained by the Warrant Agent pursuant to Condition 4.6.

**“SGX-ST”** means the Singapore Exchange Securities Trading Limited.

**“Securities Account”** means a securities account maintained by a Depositor with the Depository but does not include a securities sub-account.

**“Special Account”** means the account maintained by the Company with a bank in Singapore for the purpose of crediting monies paid by exercising Warranholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warranholders.

**“Trust Deed”** means the trust deed and the schedules (as may from time to time be amended or modified in accordance with the provisions therein contained) and any deed or other document executed in accordance with the provisions thereof (as may from time to time be amended or modified as aforesaid) and expressed to be supplemental thereto, to be executed by the Company and the trustee, constituting the Notes.

**“Warrant Agency Agreement”** means the Warrant Agency Agreement dated 22 November 2011 appointing, *inter alia*, the Warrant Agent, as the same may be modified from time to time by the parties thereto, and includes any other agreement (whether made pursuant to the terms of the Warrant Agency Agreement or otherwise) appointing further or other Warrant Agents or amending or modifying the terms of any such appointment.

**“Warrantholders”** means the registered holders of the Warrants, except that where the registered holder is the Depository, the term **“Warrantholders”** shall, in relation to Warrants registered in the name of the Depository, include, where the context requires, the Depositors whose Securities Accounts with the Depository are credited with Warrants and provided that for the purposes of Schedule 2 of the Deed Poll relating to meetings of Warrantholders, such Warrantholders shall mean those Depositors having Warrants credited to their Securities Accounts as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of a meeting of Warrantholders supplied by the Depository to the Company. The word **“holder”** or **“holders”** in relation to Warrants shall (where appropriate) be construed accordingly.

## 2. Form and Title

2.1 The Warrants are issued in registered form. Title to the Warrants will be transferable in accordance with Condition 9. The Warrant Agent will maintain the Register on behalf of the Company and except as may be ordered by a court of competent jurisdiction or as may be required by law:

- (a) the registered holder of Warrants (other than the Depository); and
- (b) (where the registered holder of Warrants is the Depository) each Depositor for the time being appearing in the records maintained by the Depository as having Warrants credited to its Securities Account(s),

will be deemed to be and be treated as the absolute owner thereof (whether or not the Company shall be in default in respect of the Warrants or its covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing hereon or notice of any previous loss or theft of the relevant Warrant Certificate) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes.

2.2 The executors and administrators of a deceased Warrantholder shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be reasonably required by the Warrant Agent to prove their title and on the payment of such fees and expenses referred to in Condition 9, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantholder could have made.

2.3 If two (2) or more persons are entered into the Register or, as the case may be, the records maintained by the Depository, as joint holders of any Warrant, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the following provisions:

- (a) the Company shall not be bound to register more than two (2) persons as the registered joint holders of any Warrant but this provision shall not apply in the case of executors or trustees of a deceased Warrantholder;

- (b) joint holders of any Warrant whose names are entered into the Register or, as the case may be, the relevant records maintained by the Depository shall be treated as one (1) Warrantholder;
- (c) the Company shall not be bound to issue more than one (1) Warrant Certificate for a Warrant registered jointly in the names of several persons and delivery of a Warrant Certificate to the joint holder whose name stands first in the Register shall be sufficient delivery to all; and
- (d) the joint holders of any Warrant whose names are entered into the Register or, as the case may be, the relevant records maintained by the Depository shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such Warrant.

### **3. Exercise Rights**

- 3.1 Each Warrantholder shall have the right, by way of exercise of a Warrant, at any time during normal business hours on any Business Day (before 3.00 p.m. on any Business Day prior to the Expiration Date and before 5.00 p.m. on the Expiration Date) during the Exercise Period in the manner set out in Condition 4 and otherwise on the terms and subject to the Conditions set out below, to subscribe for one (1) Share at the Exercise Price, subject to adjustments in accordance with Condition 5, on the Exercise Date applicable to such Warrant.
- 3.2 At the expiry of the Exercise Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.
- 3.3 Any Warrant in respect of which the Exercise Notice shall not have been duly completed and delivered in the manner set out below under Condition 4 to the Warrant Agent on or before 5.00 p.m. on the Expiration Date shall be rendered void.

### **4. Procedure for Exercise of Warrants**

#### **4.1 Lodgment Conditions**

- 4.1.1 In order to exercise one (1) or more Warrants, a Warrantholder must fulfil all the following conditions:
  - (a) lodgment during normal business hours (before 3.00 p.m. on any Business Day prior to the Expiration Date and before 5.00 p.m. on the Expiration Date) of the relevant Warrant Certificate registered in the name of the exercising Warrantholder for exercise at the specified office of the Warrant Agent together with the Exercise Notice in respect of the Warrants represented thereby in the form (for the time being current and as the same may be modified or amended from time to time) obtainable from the Warrant Agent, duly completed and signed by or on behalf of the exercising Warrantholder and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with the production of the Global Warrant Certificate where such Warrants being exercised are registered in the name of the Depository;



- (b) the furnishing of such evidence (if any) as the Warrant Agent may require to determine the due execution of the Exercise Notice by or on behalf of the exercising Warrantheader (including every joint Warrantheader, if any);
- (c) the payment or satisfaction of the Exercise Price in accordance with the provisions of Condition 4.2 below;
- (d) the payment of a deposit or other fees for the time being chargeable by, and payable to, the Depository (if any) or any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrants as the Warrant Agent may require; and
- (e) if applicable, the payment of any fees for certificates for the Shares to be issued and the expenses of, and the submission of any necessary documents required in order to effect, the delivery of certificates for the Shares upon exercise of the relevant Warrants to the place specified by the exercising Warrantheader in the Exercise Notice.

4.1.2 Any exercise by a Warrantheader in respect of Warrants registered in the name of the Depository shall be further conditional on that number of Warrants so exercised being available in the "Free Balance" of the Securities Account(s) of the exercising Warrantheader with the Depository until the relevant Exercise Date and on the exercising Warrantheader electing in the Exercise Notice to have the delivery of the Shares arising from the exercise of the relevant Warrants to be effected by crediting such Shares to the Securities Account(s) of the exercising Warrantheader, or, in the case where funds standing to the credit of a CPF Investment Account, are to be used for the payment of the Exercise Price arising from the exercise of each Warrant, by crediting such Shares to the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, failing which the Exercise Notice shall be void and all rights of the exercising Warrantheader and of any other person thereunder shall cease.

4.1.3 Once all the conditions in this Clause 4.1 (where applicable) have been fulfilled, the relevant Warrant Certificate(s) (if any), Exercise Notice and any monies tendered in or towards payment of the Exercise Price in accordance with Condition 4.2 below may not be withdrawn without the consent in writing of the Company.

#### 4.2 Payment of Exercise Price

Payment of the Exercise Price shall be made:

- (a) to the specified office of the Warrant Agent by way of a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore, and/or by debiting the CPF Investment Account with the CPF Approved Bank as specified in the Exercise Notice, for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the Warrants exercised, provided that any such remittance shall be accompanied by the delivery to the Warrant Agent of the payment advice referred to in Condition 4.2(b); and
- (b) free of any foreign exchange commissions, remittance charges or any other deductions and shall be accompanied by a payment advice containing:
  - (i) the name of the exercising Warrantheader; and

- (ii) the certificate numbers of the relevant Warrant Certificates or, if the relevant Warrant Certificates are registered in the name of the Depository, the Securities Account(s) of the exercising Warrantholder which is to be debited with the Warrants being exercised.

Provided Always That an exercising Warrantholder who is also a holder of outstanding Notes (to the extent that such Notes have not been redeemed or a right to redeem such Notes (if any) has not been exercised) may, subject to the Trust Deed and the Conditions, effect payment of the full amount of the Exercise Price or part thereof (the “**Specified Note Payment Amount**”), at any time at or before 5.00 p.m. on the last day for exercise of the Warrants, by way of:

- (i) tendering and delivering, to the specified office of the Warrant Agent, the definitive certificate(s) of such Notes issued in the name of the Warrantholder of such principal amount equivalent to the Specified Note Payment Amount; or
- (ii) where the Notes are represented by a global certificate, indicating in the Exercise Notice the principal amount of Notes (such amount not to be less than the Specified Note Payment Amount) to be tendered in payment of the Exercise Price,

provided that:-

- (1) the Notes may only be tendered in multiples of S\$200,000;
- (2) in no event whatsoever shall the Company be required to return any monies or issue any new certificate(s) representing such excess amounts arising by reason of the tender of the Notes of a principal amount in excess of the amount of the Exercise Price payable in respect of the Warrants exercised; and
- (3) no interest shall accrue or be payable in respect of the Notes tendered as from the most recent Interest Payment Date to the date of such tender.

Where the Specified Note Payment Amount is equivalent to the full amount of the Exercise Price, the exercising Warrantholder shall not be required to make any further remittance referred to in sub-paragraph (a) above. Where the Specified Note Payment Amount is less than the Exercise Price, the exercising Warrantholder shall effect payment of the balance amount of the Exercise Price by remittance of such balance amount in the manner referred to in sub-paragraph (a) above.

All Notes which are redeemed or tendered in or towards payment of the Exercise Price will forthwith be cancelled and may not be reissued or resold. Certificates in respect of all Notes cancelled shall be forwarded to or to the order of the paying agent. In the case of Notes represented by a global certificate, cancellation of the Note shall be effected by a reduction in the principal amount of the Notes on the global certificate.

**For the avoidance of doubt, where the aggregate principal amount of the Notes tendered pursuant to an exercise of Warrants hereunder exceeds the aggregate Exercise Price, the Company shall not be obliged to refund or pay to the exercising Warrantholder tendering the Notes such difference between the Exercise Price and the aggregate principal amount of the Notes tendered, and in such case, the full amount of the Notes tendered pursuant to such exercise of Warrants shall, upon a valid exercise of the Warrants, be deemed to be fully**

## **cancelled and redeemed.**

If the payment advice fails to comply with the provisions in Conditions 4.2(a) and 4.2(b) and/or the foregoing proviso (if applicable), the Warrant Agent may, at its absolute discretion and without liability on behalf of itself or the Company, refuse to recognise the relevant payment as relating to the exercise of any particular Warrant, and the exercise of the relevant Warrants may accordingly be delayed or treated as invalid. If the relevant payment received by the Warrant Agent in respect of an exercising Warrantholder's purported payment of the Exercise Price relating to all the relevant Warrants lodged with the Warrant Agent is less than the full amount of such Exercise Price, the Warrant Agent shall not treat the relevant payment so received or any part thereof as payment of the Exercise Price or any part thereof and, accordingly, the whole of such relevant payment shall remain in the Special Account (subject to Condition 4.4 below) unless and until a further payment is made in accordance with the requirements set out above in this Condition 4.2 in an amount sufficient to cover the deficiency.

### **4.3 Exercise Date**

A Warrant shall be treated as exercised on the Exercise Date relating to that Warrant.

### **4.4 Special Account**

Payment of the Exercise Price received by the Warrant Agent for credit to the Special Account will be available for release to the Company on the Business Day after the Exercise Date relating to the relevant Warrants in payment for the Shares to be delivered in consequence of the exercise of such Warrants. The relevant Warrant Certificates shall be cancelled on the Exercise Date except that, in relation to the Global Warrant Certificate(s) in the name of the Depository, the number of Warrants represented by the Global Warrant Certificate(s) registered in the name of the Depository shall be deemed to have been reduced for all purposes by the number of Warrants so exercised. The original Global Warrant Certificate(s) shall be cancelled and replaced with new Global Warrant Certificate(s) representing the Warrants that are held through the Depository which remain unexercised, as soon as possible after receipt by the Warrant Agent from the Depository of the original Global Warrant Certificate(s), accompanied by instructions from the Depository as to the cancellation of such original Global Warrant Certificate(s) in lieu of the new Global Warrant Certificate(s).

If payment is made to the Warrant Agent and such payment is not recognised by the Warrant Agent as relating to the exercise of the relevant Warrants or the relevant payment is less than the full amount of the Exercise Price, or the conditions set out in Condition 4.1 have not then all been fulfilled in relation to the exercise of such Warrants, such payment will remain in the Special Account pending recognition of such payment or full payment or, fulfilment of the lodgment conditions, as the case may be, but on whichever is the earlier of the fourteenth (14<sup>th</sup>) day after receipt of such Exercise Notice by the Warrant Agent and the Expiration Date, such payment will (if the Exercise Date in respect of such Warrant(s) has not by then occurred) be returned, without interest, to the person who remitted such payment. The Warrant Agent will, if it is possible to relate the payment so returned to any Warrant Certificates (if applicable) and the Exercise Notice previously lodged with the Warrant Agent, return such Warrant Certificates (if applicable) and the relevant Exercise Notice to the exercising Warrantholder at the risk and expense of such Warrantholder. The Company will be entitled to deduct or otherwise recover any applicable handling charges and out-of-pocket expenses

of the Warrant Agent. So long as any particular payment remains credited to the Special Account and the relevant Exercise Date has not occurred, it (but excluding any interest accrued thereon) will continue to belong to the exercising Warrantholder but it may only be withdrawn within the abovementioned fourteen-day (14-day) period with the consent in writing of the Company.

#### 4.5 Allotment of Shares and Issue of Balancing Warrant Certificates

A Warrantholder exercising Warrants which are registered in the name of the Depository must elect in the Exercise Notice to have the delivery of Shares arising from the exercise of such Warrants to be effected by crediting such Shares to the Securities Account of such Warrantholder or, as the case may be, the nominee company of the CPF Approved Bank as specified in the Exercise Notice. A Warrantholder exercising Warrants registered in his own name may elect in the Exercise Notice to either receive physical share certificates in respect of the Shares arising from the exercise of such Warrants or to have the delivery of such Shares effected by crediting such Shares to his Securities Account, or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, with the Depository.

The Company shall allot and issue the Shares arising from the exercise of the relevant Warrants by a Warrantholder in accordance with the instructions of such Warrantholder as set out in the Exercise Notice and:

- (a) where such Warrantholder has elected in the Exercise Notice to receive physical share certificates in respect of the Shares arising from the exercise of the relevant Warrants, the Company shall despatch, as soon as practicable but in any event not later than five (5) Business Days after the relevant Exercise Date, by ordinary post to the address specified in the Exercise Notice and at the risk of such Warrantholder the certificates relating to such Shares registered in the name of such Warrantholder; and
- (b) where such Warrantholder has elected in the Exercise Notice to have the delivery of Shares arising from the exercise of the relevant Warrants to be effected by the crediting of the Securities Account of such Warrantholder as specified in the Exercise Notice or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, the Company shall as soon as practicable but not later than five (5) Business Days after the relevant Exercise Date despatch the certificates relating to such Shares in the name of, and to, the Depository for the credit of the Securities Account of such Warrantholder as specified in the Exercise Notice or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice (in which case, such Warrantholder shall also duly complete and deliver to the Warrant Agent such forms as may be required by the Depository, failing which such exercising Warrantholder shall be deemed to have elected to receive physical share certificates in respect of such Shares at the address of such Warrantholder as specified in the Register).

Where a Warrantholder exercises part only (but not all) of the subscription rights represented by Warrants registered in his name, the Company shall despatch a balancing Warrant Certificate in the name of the exercising Warrantholder in respect of any Warrants remaining unexercised by ordinary post to the address specified in the relevant Exercise Notice and at the risk of that Warrantholder at the same time as it delivers in accordance with the relevant Exercise Notice the certificate(s)

relating to the Shares arising upon exercise of such Warrants.

Where a Warrantholder exercises part only (and not all) of his Warrants registered in the name of the Depository, the number of Warrants represented by the Global Warrant Certificate(s) registered in the name of the Depository shall be deemed to have been reduced for all purposes by the number of Warrants so exercised.

#### 4.6 Register of Warrantholders

The Warrant Agent will maintain the Register, which may be closed for any time or times provided that the Register shall not be closed for more than thirty (30) days in the aggregate in any calendar year. Not less than fourteen (14) days' notice of each closure of the Register will be given to the Warrantholders in accordance with Condition 13.

Where Warrants are held through the Depository, the registered holder of such Warrants in the Register shall be the Depository.

#### 4.7 Warrant Agent and Share Registrar

The name of the initial Warrant Agent and Share Registrar and their respective specified office are set out below. The Company reserves the right at any time to vary or terminate the appointment of the Warrant Agent or the Share Registrar and to appoint an additional or another Warrant Agent, provided that it will at all times maintain a Warrant Agent having a specified office in Singapore so long as the Warrants are outstanding. Notice of any such termination or appointment and of any changes in the specified offices of the Warrant Agent will be given to the Warrantholders in accordance with Condition 13.

Name of initial Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd.  
and Share Registrar

Office of initial Warrant Agent: 50 Raffles Place, #32-01  
and Share Registrar Singapore Land Tower  
Singapore 048623

Except as required by law:

- (a) the person in whose name a Warrant is registered (other than CDP); and
- (b) (where a Warrant is registered in the name of CDP) the Depositor for the time being appearing in the Depository Register maintained by CDP as having such Warrant credited to his Securities Account,

will be deemed and treated as the absolute owner of that Warrant (whether or not the Company shall be in default in respect of the Warrants or any of the covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft of the relevant Warrant Certificate or any express notice to the Company or Warrant Agent or any other related matter) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes in connection with the Warrants.

## 5. Adjustments of Exercise Price and Number of Warrants

5.1 The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in consultation with an Approved Bank. The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted as provided in these Conditions and the Deed Poll in all or any of the following cases:

- (a) any consolidation or subdivision of the Shares;
- (b) an issue by the Company of Shares for which no consideration is payable or by way of capitalisation of profits or reserves (whether of a capital or income nature) to its members ("**Members**") (other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend);
- (c) a Capital Distribution (as defined in Condition 5.2(c) below) made by the Company to its Members whether on a reduction of capital or otherwise;
- (d) an offer or invitation made by the Company to its Members whereunder they may acquire or subscribe for Shares by way of rights; or
- (e) an issue (otherwise than pursuant to an offer or invitation made by the Company to its Members whereunder they may acquire or subscribe for Shares by way of rights, requiring an adjustment under Condition 5.1(d), and other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares, if the Total Effective Consideration (as defined in Condition 5.2(e) below) for each Share is less than ninety per cent. (90%) of the Last Dealt Price for each Share (calculated as provided below).

5.2 Subject to these Conditions and the Deed Poll, the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of Conditions 5.1(a) to 5.1(e) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Approved Bank shall determine):

- (a) If, and whenever, consolidation or subdivision of the Shares occurs, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision;

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision;

X = existing Exercise Price; and

W = existing number of Warrants held.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective.

- (b) If, and whenever, the Company shall make any issue of Shares to its Members (other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend) for which no consideration is payable or, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Members (other than an allotment of Shares to Members who elect to receive Shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

X = as in X above; and

W = as in W above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue.

For the purpose of this Condition 5, “**record date**” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Members must be registered as such to participate therein.

(c) If, and whenever:

- (i) the Company shall make a Capital Distribution (as defined below) to Members whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (ii) the Company shall make any offer or invitation to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights, then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times X$$

and where in respect of each case referred to in Condition 5.2(c)(ii) above, the number of Warrants held by each Warrantholder shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{C}{C - D} \times W$$

where:

C = the Last Dealt Price on the Market Day immediately preceding the date on which the Capital Distribution, or any offer or invitation referred to in Condition 5.2(c)(ii) above, is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the Capital Distribution or as the case may be, of the offer or invitation;

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under Condition 5.2(c)(ii) above, the value of the rights attributable to one (1) Share (as defined below); or (ii) in the case of any other transaction falling within Condition 5.2(c) above, the fair market value, as determined by an Approved Bank, of that portion of the Capital Distribution or of the nil-paid rights attributable to one (1) Share; and

X = as in X above; and

W = as in W above.

For the purposes of definition (i) of "D" above, the "**value of the rights attributable to one (1) Share**" shall be calculated in accordance with the formula:

$$\frac{C - Z}{Q + 1}$$



where:

C = as in C above;

Z = the subscription price for one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

Q = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share by way of rights; and

1 = one.

For the purposes of Conditions 5.1(c) and 5.2(c), "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition 5.2(b)) or other securities (other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend) by way of capitalisation of profits or reserves.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue pursuant to Condition 5.2(c)(i).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for the above transactions for such issue pursuant to Condition 5.2(c)(ii).

For the purposes of this Condition 5.2, "**closing date**" shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

- (d) If, and whenever, the Company makes any allotment to its Members as provided in Condition 5.2(b) and also makes any offer or invitation to its Members as provided in Condition 5.2(c)(ii) and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(I \times C) + (J \times G)}{(I + J + B) \times C} \quad \times \quad X$$

$$\text{Adjusted number of Warrants} = \frac{(I + J + B) \times C}{(I \times C) + (J \times G)} \quad \times \quad W$$

where:

I = the aggregate number of issued and fully paid-up Shares on the record date;

C = as in C above;

J = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

G = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;

B = as in B above;

X = as in X above; and

W = as in W above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for such offer or invitation.

- (e) If, and whenever (otherwise than pursuant to a rights issue available to all Members alike and requiring an adjustment under Conditions 5.2(c)(ii) or 5.2(d) and other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend), the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than ninety per cent. (90%) of the Last Dealt Price on the SGX-ST on the date of the announcement of a binding and irreversible share issuance, or, if the day of such announcement is not a Market Day, on the immediately preceding Market Day, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{K + L}{K + M} \times X$$

where:

K = the number of Shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Last Dealt Price (exclusive of expenses);

M = the aggregate number of Shares so issued; and

X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purposes of Conditions 5.1(e) and 5.2(e), the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an Approved Bank and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration for each Share**” shall be the Total Effective Consideration

divided by the number of Shares issued as aforesaid.

- 5.3 Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Exercise Price and the number of Warrants will be required in respect of:
- (a) an issue by the Company of Shares to officers, including directors, or employees of the Company or any of its subsidiaries or associated companies pursuant to any purchase or option scheme or performance share plan approved by the Members in a general meeting of the Company;
  - (b) an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business;
  - (c) any issue by the Company of Shares pursuant to the exercise of any of the Warrants;
  - (d) any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares;
  - (e) the Exercise Price falling below the five (5) day weighted average of the traded share price of the Shares; or
  - (f) any purchase by the Company of Shares.
- 5.4 If any offer or invitation for Shares is made otherwise than by the Company to the Shareholders, then the Company shall so far as it is able to, procure that at the same time an offer or invitation is made to the then Warrantheholders as if their rights to subscribe for New Shares had been exercised the day immediately preceding the date on which as at the close of business Shareholders must be registered in order to participate in such offer or invitation on the basis then applicable.
- 5.5 Any adjustment to the Exercise Price will be rounded upwards to the nearest one (1) cent and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Exercise Price. No adjustments to the Exercise Price shall be made unless it is in accordance with Condition 5.2. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced would be less than one (1) cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- 5.6 Any adjustment to the number of Warrants held by each Warrantheholder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants shall be made unless it is in accordance with Condition 5.2 and approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional Shares as may be issued on the exercise of any of such Warrants.
- 5.7 Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantheholders in accordance with Condition 13 that the Exercise Price and/or the number of Warrants has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall, at all times thereafter so long as any of the Warrants remains exercisable, make available for inspection

at its registered office a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall, on request, send a copy thereof to any Warrantholder. Whenever there is an adjustment to the number of Warrants, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificate(s) for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, at his address appearing in the Register or, in respect of Warrants registered in the name of the Depository, to the Depository.

- 5.8 If the Directors and the Approved Bank are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank acting as expert and not arbitrator and whose decision as to such adjustment shall be final and conclusive.
- 5.9 If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank and the Directors shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants shall be adjusted accordingly.
- 5.10 Any new Warrants which may be issued by the Company under this Condition 5 shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit of the Deed Poll and on such terms and conditions as the Directors may from time to time think fit, including but not limited to the terms and conditions as set out herein for the Warrants.
- 5.11 If the Company shall purchase or otherwise acquire Shares issued by it pursuant to the provisions of the Act, the Company shall, if so required by the Warrantholders by way of an Extraordinary Resolution (as defined in the Deed Poll), appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants held by each Warrantholder shall be adjusted accordingly.
- 5.12 In giving any certificate or making any adjustment hereunder, the Approved Bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Warrants.
- 5.13 Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants other than in accordance with the provisions of this Condition 5, shall be subject to the approval of the SGX-ST and agreed to by the Company and the Approved Bank.

## 6. Status of Shares

Shares allotted and issued upon exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allotments or other distributions, the Record Date for which is on or after the date of allotment and issue of the Shares arising from the exercise of the relevant Warrants, and (subject as aforesaid) shall rank *pari passu* in all respects with the then existing Shares. For the purpose of this Condition 6, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date at the close of business (or such other time as may have been notified by the Company) on which Members must be registered in order to participate in such dividends, rights, allotments or other distributions.

## 7. Winding-Up of the Company

7.1 If a resolution is passed for a Members’ voluntary winding-up of the Company then:

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantheolders, or some person designated by them for such purpose by Extraordinary Resolution, shall be a party, the terms of such scheme of arrangement shall be binding on all the Warrantheolders; and
- (b) in any other case, every Warrantheolder shall be entitled, upon and subject to the Conditions, at any time within six (6) weeks after the passing of such resolution for a members’ voluntary winding-up of the Company, by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice(s) duly completed, together with payment of the relevant Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the Exercise Notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantheolders in accordance with Condition 13 of the passing of any such resolution within seven (7) Market Days after the passing thereof.

Subject to the foregoing, if the Company is wound-up for any reason other than a Members’ voluntary winding-up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

## 8. Further Issues

Subject to the Conditions, the Company shall be at liberty to issue Shares to Members either for cash or as bonus distributions and further subscription rights upon such terms and conditions as the Company sees fit but the Warrantheolders shall not have any participating rights in such issue unless otherwise resolved by the Company in a general meeting or in the event of a take-over offer to acquire Shares.

## 9. Transfer of Warrants

- 9.1 Subject to the provisions contained herein, the Warrants shall be transferable in lots entitling the Warrantholder to subscribe for whole numbers of Shares and so that no person shall be recognised by the Company as having title to Warrants entitling the holder thereof to subscribe for a fractional part of a Share or otherwise than as the sole or joint holder of the entirety of such Share.
- 9.2 In order to transfer Warrants, the Warrantholder must fulfil the following conditions:
- (a) lodgment during normal business hours of the relevant Warrant Certificate(s) registered in the name of the Warrantholder at the specified office of the Warrant Agent together with an instrument of transfer in respect thereof (the “**Transfer Form**”), in the form approved by the Company, duly completed and signed by or on behalf of the Warrantholder and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided that the Company and the Warrant Agent may dispense with requiring the Depository to sign as transferee any Transfer Form for the transfer of Warrants to it;
  - (b) the furnishing of such evidence (if any) as the Warrant Agent may require to determine the due execution of the Transfer Form by or on behalf of the Warrantholder;
  - (c) the payment of the registration fee of S\$2 (or such other amount as may be determined by the Company) for every Warrant Certificate issued; and
  - (d) the payment of the expenses of, and the submission of any necessary documents required in order to effect the delivery of, the new Warrant(s) to be issued in the name of the transferee.
- 9.3 The Warrantholder specified in the Register shall remain the registered holder of the Warrants until the name of the transferee is entered in the Register maintained by the Warrant Agent.
- 9.4 If the Transfer Form has not been fully or correctly completed by the transferring Warrantholder or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the transferring Warrantholder accompanied by written notice of the omission(s) or error(s) and requesting the transferring Warrantholder to complete and/or amend the Transfer Form and/or to make the requisite payment.
- 9.5 If the Transfer Form has been fully and correctly completed, the Warrant Agent shall, as agent for and on behalf of the Company:
- (a) register the person named in the Transfer Form as transferee in the Register as the registered holder of the Warrant in place of the transferring Warrantholder;
  - (b) cancel the Warrant Certificate(s) in the name of the transferring Warrantholder; and
  - (c) issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee.

- 9.6 The executors or administrators of a deceased registered Warrantholder whose Warrants are registered otherwise than in the name of Depository (not being one of several joint holders whose Warrants are registered otherwise than in the name of Depository) and, in the case of the death of one (1) or more of several joint holders, the survivor or survivors of such joint holders, shall be the only person(s) recognised by the Company as having any title to the Warrants registered in the name of the deceased Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and payment of the fees and expenses referred to in sub-Conditions 9.2(c) and 9.2(d) above be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantholder could have made.
- 9.7 If the Warrants are registered in the name of Depository and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by the Depository by way of book entry.

## **10. Replacement of Warrant Certificates**

If any Warrant Certificate is lost, stolen, destroyed, mutilated or defaced, it may be replaced at the specified office of the Warrant Agent, upon payment by the claimant of the expenses incurred in connection therewith and the replacement fee of S\$2 (or such other sum being the replacement fee for the time being, which replacement fee shall not exceed the maximum sum for the time being prescribed by any applicable law) for every Warrant Certificate issued and on such terms as to evidence and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Warrant Certificate(s) in respect of the Warrants is subsequently exercised, there will be paid to the Company on demand the market value of the Warrants at the time of the replacement thereof) as the Company may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

## **11. Warrant Agent not Acting for the Warrantholders**

In acting under the Warrant Agency Agreement, the Warrant Agent is, subject to the terms therein, acting solely as agent for the Company for certain specified purposes, and does not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders.

## **12. Meetings of Warrantholders and Modification**

- 12.1 The Deed Poll contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by extraordinary resolution ("**Extraordinary Resolution**") of a modification of the Warrants or the Deed Poll. Such a meeting may be convened by the Company or by Warrantholders holding not less than ten per cent. (10%) of the Warrants for the time being remaining unexercised (as defined in the Deed Poll). The quorum at any such meeting for passing an Extraordinary Resolution shall be two (2) or more persons holding or representing over fifty per cent. (50%) of the Warrants for the time being unexercised or, at any adjourned meeting, two (2) or more persons being or representing Warrantholders whatever the number of Warrants so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Warrants or of the Deed Poll (including

cancelling the subscription rights constituted by the Warrants or changing the Exercise Period), the necessary quorum for passing an Extraordinary Resolution shall be two (2) or more persons holding or representing not less than seventy-five per cent. (75%) or, at any adjournment of such meeting, over fifty per cent. (50%) of the Warrants for the time being remaining unexercised. An Extraordinary Resolution duly passed at any meeting of Warrantheolders shall be binding on all Warrantheolders, whether or not they are present at the meeting. Warrants which have not been exercised but have been lodged for exercise shall not, unless and until they are withdrawn from lodgment, confer the right to attend or vote at, or join in convening, or be counted in the quorum for any meeting of Warrantheolders.

12.2 The Company may, without the consent of the Warrantheolders but in accordance with the terms of the Deed Poll, effect:

- (a) any modification to the Warrants, the Warrant Agency Agreement or the Deed Poll which, in its opinion, is not materially prejudicial to the interests of the Warrantheolders;
- (b) any modification to the Warrants, the Warrant Agency Agreement or the Deed Poll which, in its opinion, is of a formal, technical or minor nature;
- (c) any modification to the Warrants, the Warrant Agency Agreement or the Deed Poll which, in its opinion, is to correct a manifest error or to comply with mandatory provisions of Singapore law; and/or
- (d) any modification to the Warrants or the Deed Poll which, in its opinion, is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Shares arising from the exercise thereof or meetings of the Warrantheolders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the Main Board of the SGX-ST.

Any such modification shall be binding on the Warrantheolders and shall be notified to them in accordance with Condition 13 as soon as practicable thereafter.

12.3 Any alteration to the terms and/or conditions of the Warrants after the issue thereof must be approved by the SGX-ST, except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

12.4 Notwithstanding any other provisions as set out in the Deed Poll, any material alteration to the terms and/or conditions of the Warrants after the issue thereof to the advantage of the Warrantheolders and prejudicial to the shareholders of the Company must be approved by the shareholders in general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants.

12.5 Except where the alterations are made pursuant to these Conditions (including but not limited to alterations made pursuant to and in accordance with Condition 5 above or Condition 12.2 or Condition 12.4 above), the Company shall not:

- (a) extend the Exercise Period;
- (b) issue new warrants to replace the Warrants;
- (c) change the Exercise Price; or



- (d) change the exercise ratio of the Warrants.

### **13. Notices**

- 13.1 All notices to Warrantheolders will be valid if published in a daily English language newspaper of general circulation in Singapore. If at any time publication in such newspaper is not practicable, notices will be valid if published in such other manner as the Company, with the approval of the Warrant Agent, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.
- 13.2 The Company shall, not later than one (1) month before the Expiration Date, give notice to the Warrantheolders in accordance with this Condition 13, of the Expiration Date and make an announcement of the same to the SGX-ST. The Company shall also, not later than one (1) month before the Expiration Date, take reasonable steps to notify the Warrantheolders in writing of the Expiration Date and such notice shall be delivered by post to the addresses of the Warrantheolders as recorded in the Register or, in the case of Warrantheolders whose Warrants are registered in the name of the Depository, their addresses as shown in the records of the Depository. Proof of posting or despatch of any notice shall be deemed to be proof of receipt on the next Business Day after posting.

### **14. Stamp Duty on Exercise of Warrants**

The Company will pay all stamp duties and other similar duties or taxes payable in Singapore on or in connection with the constitution and initial issue of the Warrants, the distribution of the Warrants and the execution of the Deed Poll. Any other stamp duties, similar duties or taxes (if any) or other fees payable to the Depository on, or arising from, the exercise of Warrants will be for the account of the relevant Warrantheolder.

### **15. Third Party Rights**

Other than the Company, the Warrant Agent and the Warrantheolder, no person shall have any right to enforce any term or condition of the Warrants and the Deed Poll under the Contracts (Rights of Third Parties) Act (Cap. 53B, Singapore Statutes).

### **16. Governing Law**

- 16.1 The Warrants and the Deed Poll are governed by, and shall be construed in accordance with, the laws of the Republic of Singapore.
- 16.2 The courts of Singapore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and the Deed Poll and accordingly any legal action or proceedings arising out of or in connection with the Warrants and the Deed Poll (“**Proceedings**”) may be brought in such courts. The Company irrevocably submits to the exclusive jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

## NOTES:

1. The attention of Warranholders is drawn to Rule 14 of The Singapore Code on Take-overs and Mergers (the “**Code**”) and Section 139 of the Securities and Futures Act (Cap. 289, Singapore Statutes) (the “**SFA**”), as amended from time to time. In particular, a Warranholder should note that he may be under an obligation to extend a take-over offer of the Company if:
  - (a) he acquires whether by exercise of the Warrants over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him (the term “**acting in concert**” as used herein shall have the meaning ascribed thereto by the Code)) carry thirty per cent. (30%) or more of the voting rights of the Company; or
  - (b) he, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights of the Company, and he, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than one per cent. (1%) of the voting rights of the Company.
2. A Warranholder who, after the exercise of his Warrants, has an interest (as defined in the Act) in not less than five per cent. (5%) of the total votes attached to all the voting shares in the Company, is under an obligation to notify the Company and the SGX-ST of his interest in the manner set out in Section 82 and Section 83 of the Act and Section 137 of the SFA.

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement

For and on behalf of **Eu Yan Sang International Ltd**

\_\_\_\_\_  
Robert James Yee Sang Eu

\_\_\_\_\_  
Richard Yee Ming Eu

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Clifford Yee Fong Eu

\_\_\_\_\_  
Ian Wayne Spence

\_\_\_\_\_  
Matthew J. Estes

\_\_\_\_\_  
Shin Ein Ng

\_\_\_\_\_  
Billy Wah Yan Ma  
(Alternate to Robert James Yee Sang Eu)

\_\_\_\_\_  
Laurence Yee Lye Eu  
(Alternate to Clifford Yee Fong Eu)

\_\_\_\_\_  
Dr David Yee Tat Eu  
(Alternate to Richard Yee Ming Eu)