Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	EU YAN SANG INTERNATIONAL LTD
Securities	EU YAN SANG INTERNATIONAL LTD - SG1I87884967 - E02
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	15-Oct-2015 17:36:54
Status	New
Report Type	Annual Report
Announcement Reference	SG151015OTHRKMSE
Submitted By (Co./ Ind. Name)	Tang Yock Miin
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see the attachments:- 1. Annual Report 2015 2. Appendix in relation to the proposed renewal of the share purchase mandate 3. Request for print copy of annual report Annual Report 2015 was uploaded on the 'Financial Statements and Related' Announcement template instead of this template.

Additional Details

Period Ended	30/06/2015

Attachments	EYSI_Annual_Report_2015.pdf EYSI_Appendix_in_relation_to_the_proposed_renewal_of_the_share_purchase_mandate.pdf EYSI_Request_for_print_copy_of_annual_report.pdf Total size =1518K

CARING SINCE 1879

ANNUAL REPORT 2015

EU YAN SANG INTERNATIONAL LTD

EU YAN SANG BY THE NUMBERS

BUSINESS OPERATIONS

136 Years Old

15 years on **SGX** Mainboard

5 Key Markets

25 Franchise Stores

Over **10** new products every year

252 Retail Outlets

5 F&B Outlets

18 Awards won in FY2015

2 Manufacturing Facilities

33 Clinics

MORE THAN **900** own-branded products

FINANCIALS

FY2015 **Revenue**: S$350,408,000

FY2015 **Gross Profit**: $173,108,000

S$90.3m total dividend pay-out Since 2001

Highest Revenue Business: **Retail**
S$284,105,000
(81% of Group revenue)

Highest Revenue Country: **Hong Kong**
S$137,072,000
(39% of Group revenue)

TABLE OF CONTENTS

CORPORATE PROFILE

Our Vision

From our unique heritage in Chinese Medicine, we want to be the world's leading and most trusted integrative health and wellness company.

Our Mission

To care for mankind by helping our consumers realise good lifelong health.

Our Brand Values

Integrity
Caring
Leadership
Quality
Progressiveness

About Eu Yan Sang International Ltd (SGX: EYSI)

Listed on the Singapore Exchange, Eu Yan Sang International Ltd (EYSI) and its subsidiaries (the Group) is a leading integrative health and wellness company with a unique heritage in Chinese Medicine. As one of the largest Chinese Medicine groups in Southeast Asia, EYSI continues to drive the industry forward with innovative and scientific approaches in the production and retail of Chinese medicine and wellness products.

With a humble start offering Chinese herbal remedies to tin mine coolies in Perak, Malaysia, more than 130 years ago, Eu Yan Sang is a household name in Asia today with an unrivalled reputation as a trailblazer in the Chinese Medicine industry.

Stringent quality control of the entire supply chain and manufacturing standards have earned the brand worldwide recognition for high quality products. Manufacturing activities are carried out in two of its GMP-certified (Good Manufacturing Practices) factories in Hong Kong and Malaysia. Every production process demonstrates full GMP accreditation for unmatched quality assurance.

The Group's Hong Kong factory is certified by the Therapeutic Goods Administration (TGA) of Australia, in accordance to the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (PIC/S) Guide to GMP for Medicinal Products.

In addition to retailing fine quality Chinese herbs and Chinese Proprietary Medicines, the Group also retails health foods and supplements. Currently, EYSI offers more than 300 products under the Eu Yan Sang brand name and over 1,000 different types of Chinese herbs and other medicinal products. The Group's wholly-owned Australian subsidiary, Healthy Life Group Pty Ltd (HLG), is one of the largest health food distributors and operates a chain of 69 Healthy Life retail outlets in Australia.

As at 30 June 2015, Eu Yan Sang has an extensive distribution network comprising 252 company-operated retail outlets and 25 franchises in China, Hong Kong, Macau, Malaysia, Singapore and Australia. Its products are available online at www.EuYanSang.com, as well as in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals, health clubs and spas worldwide. The Group also operates a chain of 32 Chinese Medicine Clinics in Singapore and Malaysia, and one Integrative Medical Centre in Hong Kong, as well as five food and beverage outlets in Malaysia and China.

JOINT MESSAGE BY GROUP CEO & CHAIRMAN

Dear Fellow Stakeholders,

What a difference a year makes. A year ago when we began to draft our message to stakeholders, we were filled with optimism. However, the last three quarters of FY2015 have proven to be difficult with each successive quarter throwing more challenges to the Group. While FY2015 finally ended, the business environment for FY2016 is marked by uncertainty, and therefore our mood is cautious.

Disruptive socio-economic and political changes continue to affect our key markets, hampering consumer confidence and the retail sector. The travel restrictions imposed on mainland Chinese starting in April 2015 —from unlimited trips to one trip per week—has had a profound impact on our business in Hong Kong as it affects spending by Chinese tourists and parallel traders. Over the past few years, our Hong Kong business has had other challenges such as rising rents, the anti-corruption campaign by the Chinese government and Occupy Central protests which affected earlier quarters in FY2015. Malaysia, another important market, also experienced turbulence. The ongoing political uncertainties which have weakened the Malaysian currency and the introduction of a Goods and Services Tax in April resulted in a challenging operating environment against a soft retail market after a stellar first three quarters in FY2015.

The slowdown in both of these markets have had a drastic impact on our financial performance in FY2015, and we expect the business environment in the next 12 months to be difficult as macro factors continue to haunt business sentiment across all of our markets. Overall, our revenue fell 4% year-on-year (y-o-y) to S$350.41 million. Higher distribution and selling expenses affected operating profits, which dropped by 59% to S$10.75 million y-o-y. The currency devaluation of the Malaysian ringgit and Australian dollar against the Singapore dollar also impacted our revenue. As previously announced, the revenue decline for the Group in Q4 was 15% and we booked our first ever quarterly Operating Loss in Q4 FY2015.

Despite this, we recommend a first and final dividend of half a cent per share, continuing our dividend payout to shareholders for every single year since we became a public listed company in 2000.

As we mark an important milestone in 2015 with our 136th anniversary and 15 years as a listed company on the Mainboard of the Singapore Exchange, we are reshaping and focusing our organisation in the face of business uncertainty. We have tightened our belts, introduced cost reduction initiatives across the Group and are rationalising under-performing retail outlets and clinics. We are also considering the disposal of or partnering for non-core assets and business units.

Our growth potential remains unchanged: Our target customers are affluent or upwardly mobile consumers who have means and knowledge to search for the best natural solutions in local and global markets and are open to Traditional Chinese Medicine (TCM). They aspire to embrace healthy lifestyles and seek natural solutions to cure pain and prevent illnesses for themselves, their family and their friends. Our brands, products and services are positioned to address this need.

Despite the turbulent environment, we need to continue to invest strategically.

We continue the build-out of our herb processing facility in our Sichuan joint venture and work continues on our new manufacturing facility in Hong Kong. Both of these should be important milestones for the Group in the coming fiscal year.

We also look to add to our service channels to build a better foundation for interaction with our customers. In Sydney last March, we launched 'Vim & Tonic Vitality Bar', an in-store F&B concept that markets natural, healthy food choices in our King Street Healthy Life retail outlet. We are happy to note that Vim & Tonic has increased sales and footfall and given our customers another reason to interact with us. We have since introduced 'Vim & Tonic' to two other Healthy Life outlets in Sydney and the Gold Coast.

An important goal is to make our products available to our customers across more channels. In all of our markets, it is a mandate to build partnerships with other online and offline channels. We re-launched our global eStore at www.EuYanSang.com and we will continue to invest in our digital and e-commerce capabilities. We are particularly excited about different platforms encouraged by the PRC government for cross border trading, which we believe over time will make up for loss of sales from Hong Kong parallel traders.

Continuing to introduce new, high quality products that are convenient to consume is key to our brands. We believe that our new products remain the gold standards in product development, sourcing and manufacturing capabilities. We also continue to work with our front-line retail staff so that they can help customers identify the best solutions for their health and wellness needs.

In addition, we continue to step up our industry leadership through ongoing and new initiatives. Our scientific advancement continues through the renewal of the Scientific Advisory Board to build on our direction for future product development. The management of our clinics, we believe, sets the industry standard. This year we completed the development of our own Clinic Management System. We were also the first private sector firm to establish an academy to advance the professionalism of TCM practitioners. The Eu Yan Sang Academy aims to provide the best learning opportunities in TCM, natural health and wellness, for practitioners as well as the public.

In moving with times and as part of our conservation efforts to reduce paper wastage and energy consumption, we have chosen to present this annual report digitally via a USB card. We are pleased to announce that the USB card also serves as an Investor Privilege Card as a form of recognition and appreciation of your continued support and trust in the Company. The privilege card, valid for one year till 30 June 2016, extends benefits to our products and services in retail stores, clinics and our global eStore, as well as courses from Eu Yan Sang Academy.

Lastly, we would like to take this opportunity to thank all our employees and business partners. In particular, we would like to thank Alice Wong and Eric Chiu, who have served our businesses in Hong Kong and Malaysia for 22 and 19 years respectively and have been the driving forces behind the Group's success. Hong Kong and Malaysia currently have had to deal with a continuous wave of difficult situations. Alice, Eric and their teams should be commended for their efforts in dealing with a continuous wave of difficult situations.

For FY2016, we will continue to move forward with a strong focus on improving growth. We will be making tactical and strategic choices to strengthen the Group's operations and brand portfolio.

Thank you for your interest and investment in Eu Yan Sang.

Sincerely,

Richard Eu
Group CEO
10 September 2015

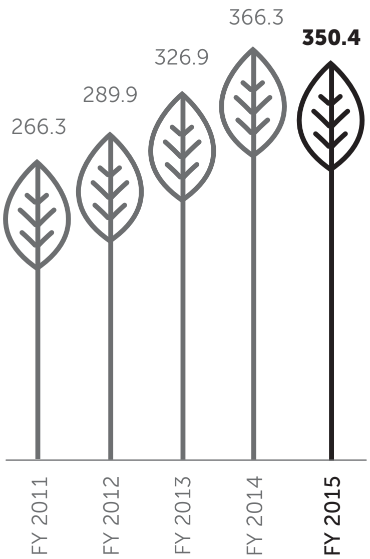
Robert Eu
Chairman

FIVE-YEAR FINANCIAL HIGHLIGHTS

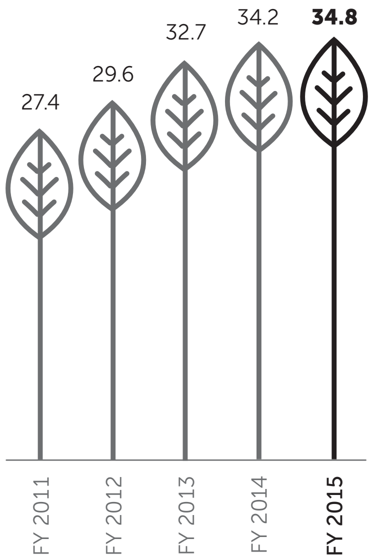
	FY2011 * S$'000	FY2012 ** S$'000	FY2013 S$'000	FY2014 S$'000	FY2015 S$'000
Revenue	266,330	289,925	326,921	366,267	350,408
Gross margin	135,029	147,879	165,597	184,272	173,108
Gross margin %	51%	51%	51%	50%	49%
Operating profit	31,436	24,333	24,082	26,301	10,746
Operating profit margin %	12%	8%	7%	7%	3%
Profit before tax	33,462	20,764	24,851	22,737	12,367
Income tax expense	(8,090)	(4,313)	(6,665)	(7,594)	(7,803)
Profit for the financial year, net of tax	25,372	16,451	18,186	15,143	4,564
Profit attributable to:					
Owners of the Company	25,311	16,352	18,103	15,033	4,563
Non-controlling interests	61	99	83	110	1
Net profit margin	10%	6%	6%	4%	1%
Current ratio	1.7	1.4	1.8	1.4	1.1
Current assets	104,531	129,416	191,960	147,549	129,921
Current liabilities	62,116	91,059	106,364	105,547	119,812
Net tangible assets per share (in cents)	27.4	29.6	32.7	34.2	34.8
Net asset value per share (in cents)	27.5	30.4	33.6	35.4	35.8
Earnings per share (in cents)					
- Basic	5.77	3.70	4.09	3.38	1.02
- Diluted	5.71	3.67	4.07	3.36	1.02
Dividend paid per share (in cents)	2.08	2.20	2.00	2.20	2.20
Return on shareholders' equity (%)	20.8%	12.1%	12.1%	9.5%	2.9%
Return on total assets (%)	12.6%	6.1%	4.9%	4.3%	1.2%
Total assets	201,011	268,866	367,986	349,674	392,422
Total liabilities	79,188	133,696	218,309	191,867	232,267
Net tangible assets (net of non-controlling interests)	120,759	131,125	145,211	152,554	155,436
Shareholders' equity	121,469	134,710	149,185	157,638	159,972

* Restated as a result of the adoption of the Amendments to FRS 12
** Restated as a result of the finalisation of purchase price allocation for Healthy Life Group Pty Ltd

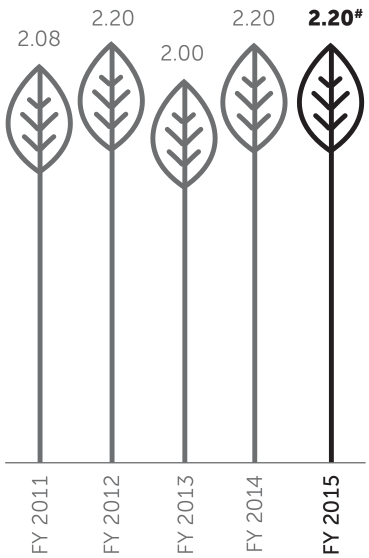
REVENUE
MILLION (S$)



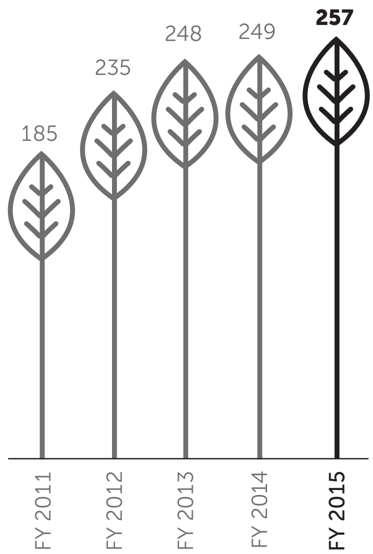
NET TANGIBLE ASSETS PER SHARE
CENTS (S¢)



DIVIDENDS PAID PER SHARE
CENTS (S¢)



NUMBER OF COMPANY-OPERATED OUTLETS



11%

COMPOUND ANNUAL GROWTH RATE IN REVENUE

FOR 15 YEARS

S$90.3m

TOTAL DIVIDEND PAYOUT

SINCE 2001

>50%

AVERAGE DIVIDEND PAYOUT RATIO

FOR 14 YEARS

S$160m

SHAREHOLDERS' EQUITY

AS AT 30 JUNE 2015

\# The Directors have proposed a first and final dividend of 0.5 cent per share, in respect of the current financial year.

OPERATIONS REVIEW

FY2015 ENDED 30 JUNE 2015

The Group's FY2015 revenue dropped 4% to S$350.4 million largely due to the weaker performance from key markets in Hong Kong and Malaysia, which was mainly contributed by macroeconomic factors beyond the Group's control such as the ongoing political and economic uncertainties.

Corresponding to the soft financial performance, gross profit was down 6% to S$173.1 million. The Group's gross margin fell 1% to 49% due to the impact of product sales mix and promotions.

Operating profit declined by 59% to S$10.7 million owing to the dip in revenue and increase in distribution and selling expenses, stemming from increase in operating costs from new company-operated outlets.

The Group's net profit to shareholders dropped 70% to S$4.6 million.

44 Australia

11 China

59 Hong Kong

2 Macau

90 Malaysia

46 Singapore

252 Total Company-Operated Retail Outlets

25 Franchise stores in Australia

For more information, please visit our website at www.EuYanSang.com.

Retail

The retail revenue saw a decline of 2%, largely as a result of the macro environmental challenges in Hong Kong and Malaysia. Hong Kong's performance was affected by new travel restrictions to mainland Chinese visitors to Hong Kong imposed by China, which resulted in a decline in Chinese tourists and parallel traders' spending. Malaysia's performance was affected by the implementation of Goods and Services Tax (GST), which came into effect on 1 April 2015, and a soft retail market due to ongoing political and economic uncertainties.

However, the decline in retail revenue was partially offset by better retail performance in Australia and Singapore.

S$ '000	FY2015	FY2014
Retail Revenue	284,105	288,569

A total of five new retail outlets were opened during the period under review – four in Malaysia and one in Hong Kong. In Australia, eight company-operated outlets were launched while seven franchisee stores were closed. As at 30 June 2015, the Group's retail network comprised 252 company-operated outlets and 25 franchise stores in Australia.

Operations in Australia are on track to show a turnaround by FY2016 through double digit same store sales growth. To accelerate the turnaround in Australia, the Group intends to acquire existing businesses to strengthen its existing network in Australia.

We have seen a significant increase in daily foot traffic in our stores due to the opening of in-store juice bar - Vim & Tonic Vitality Bar, a concept of grab-and-go nutritious meals. Due to the positive sales results, we have launched two additional Vim & Tonic Vitality bars in Healthy Life retail outlets located in Sydney and the Gold Coast.

Wholesale

Wholesale revenue dropped 21% largely due to a lower contribution of sales in Hong Kong and Australia. The decline in wholesale revenue for Australia was primarily due to the decrease in the number of franchise stores.

S$ '000	FY2015	FY2014
Wholesale Revenue	44,601	56,813

Clinics

As at 30 June 2015, we have a team of 67 TCM physicians and tuinalogists in Singapore, Malaysia and Hong Kong.

Revenue of the clinic segment recorded marginal fluctuation year-on-year.

S$ '000	FY2015	FY2014
Clinic Revenue	16,905	16,938

One general TCM clinic was closed in Singapore and one Integrative Medical Centre was closed in Hong Kong, bringing the total number of general TCM clinics to 30 and Integrative Medical Centre to one as at 30 June 2015. The number of Premier TCM Clinic remained unchanged at two for the same period.

We have opened the eighth child-friendly clinic in the East region of Singapore to cater to the growing number of pediatric patients. These clinics are fitted with dedicated play corners and physicians skilled in handling children and their conditions.

To meet the needs of the ageing society, we have two dedicated elderly-friendly clinics to serve the silver population. The physicians who look after healthcare needs of elderly patients are conversant in Mandarin, English and other Chinese dialects. Features such as toilets with grab bars, emergency call bells are installed to serve patients with restricted mobility, while soft touches such as large font size signages, adult diapers and change of clothes are made available in the clinics.

There is a growing trend in the number of professionals, managers, executives and businessmen living with sub-optimal health conditions, such as chronic fatigue, sleep disorders, stress and travel-related conditions. For these patients, we have four wellness clinics located in both business and residential districts to serve their needs.

In addition to concept clinics, a series of short educational videos were created and posted online, to engage and educate on TCM's healing role in easy-to-understand formats.

	General TCM Clinic	Premier TCM Clinic	Integrative Medical Centre
Malaysia	6	–	–
Hong Kong	–	–	1
Singapore	24	2	–
Total	30	2	1

Food and Beverage

The Group operates five food and beverage (F&B) outlets — two in Malaysia under the brand *Zun Kitchenette* and *Zun Express*, and three in Shanghai which operate as *Remedy 365*. The higher revenue contribution under the "Others" was largely related to F&B income, rental income and franchise fee income. The Group's three new F&B outlets in Shanghai contributed largely to this growth.

Eu Yan Sang Academy

Eu Yan Sang Academy formed a strategic partnership with renowned Chinese university – Shanghai University of Traditional Chinese Medicine (SHUTCM), to offer the best continuous learning opportunities in TCM, natural health and wellness to uplift the professional standards of the TCM industry. This exclusive partnership with SHUTCM offers a variety of professional development and training programmes in TCM to eligible practitioners and the general public in Singapore and the rest of Southeast Asia. The Academy offers postgraduate courses in TCM for practitioners and the public in Singapore and Southeast Asia as part of the continuing TCM Education programmes. It has also developed a training programme, offering various modules teaching basic concepts of TCM to non-TCM professionals for self-enrichment.

Processing and Manufacturing

The Group has two Good Manufacturing Practices (GMP) certified factories, one in Hong Kong and one in Malaysia.

Expansion of Manufacturing Facility in Hong Kong

In view of the macroeconomic factors, we have reassessed our original construction plan to expand our manufacturing facility in Yuen Long, Hong Kong. We have decided to complete the construction of the new facility in stages.

Our existing facility in Yuen Long houses the largest herb extraction and concentration facilities in Hong Kong, and a dust-free production facility for Chinese medicine. It holds the Good Manufacturing Practice (GMP) certification by the Therapeutic Goods Administration of Australia,
in accordance to the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (PIC/S) Guide to GMP for Medicinal Products. It has also obtained the ISO9001:2008 by Hong Kong Quality Assurance Agency and the GMP Certificate for proprietary Chinese Medicine by the Chinese Medicine Council of Hong Kong.

Manufactured Products

Revenue of the Group's top 10 manufactured products dropped 15% to S$132.3 million, due to challenging business environments in core markets. Our top 10 products' contribution to the Group's revenue decreased by 5 percentage points to 38%.

Top 10 Products' Revenue

FY2015 (S$'m)	132.3
Contribution to Group's Revenue	38%
FY2014 (S$'m)	155.9
Contribution to Group's Revenue	43%
Change (%)	(15%)

New Products

On average, the Group introduces about 10 new products every year. Our products such as Honey series and Cordyceps, which were launched in the past five years, continue to command strong sales and are well-received in the markets.

In line with our focus to develop more preventive products, new products such as GlucoHealth Tea, Liu Wei Capsules, Kool Throat, Premium Soup Pouch series and Digestive Health Granules were introduced in FY2015. The Group also launched Pure Cordyceps in capsule form, which has become the best-selling product in Singapore in less than six months. Pure Cordyceps helps to boost immunity, improve vitality and lessen fatigue.

CORPORATE DATA

Board of Directors

RICHARD EU YEE MING
Managing Director, Group CEO

ROBERT JAMES EU YEE SANG
Chairman
Group Managing Director, China

CLIFFORD EU YEE FONG
Group Managing Director, International

MATTHEW J. ESTES
Lead Independent Director

NG SHIN EIN
Independent Director

DANIEL SOH CHUNG HIAN
Independent Director

Audit Committee

DANIEL SOH CHUNG HIAN
Chairman

MATTHEW J. ESTES
NG SHIN EIN

Strategic Direction Committee

ROBERT JAMES EU YEE SANG
Chairman

RICHARD EU YEE MING
CLIFFORD EU YEE FONG
MATTHEW J. ESTES
NG SHIN EIN
DANIEL SOH CHUNG HIAN

Nominating Committee

NG SHIN EIN
Chairman

DANIEL SOH CHUNG HIAN
RICHARD EU YEE MING

Compensation Committee

MATTHEW J. ESTES
Chairman

NG SHIN EIN
DANIEL SOH CHUNG HIAN

Company Secretaries

CLIFFORD EU YEE FONG
TANG YOCK MIIN

Registered Office

21 Tai Seng Drive
Singapore 535223
Tel: (65) 6225 3211
Fax: (65) 6225 8276

Share Registrars

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Audit Partner-in-charge:
Ho Shyan Yan

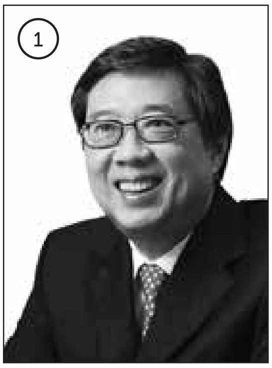
Appointment Date:
(since financial year ended 30 June 2015)

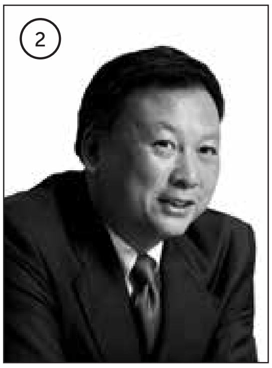
Principal Bankers

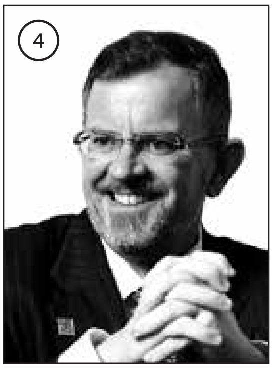
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Australia and New Zealand Banking Group Limited

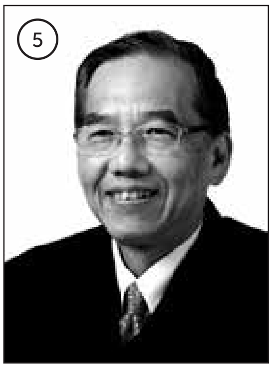
Note:
Stakeholders with concerns may contact the Lead Independent Director directly at leadid@euyansang.com, when contact through the normal channels via the Chairman, Group CEO or CFO has failed to provide satisfactory resolution, or when such contact is inappropriate.

BOARD OF DIRECTORS









Our board comprises six established professionals from diverse backgrounds. Under their leadership, EYSI has won bronze for 'Best Managed Board' in the Mid-Cap category for this year's Singapore Corporate Awards. It is a recognition and industry endorsement of the Group's excellence in corporate governance, transparency, board management, as well as financial reporting and disclosure.

1. MR RICHARD EU*

Group CEO

Richard has overseen the overall corporate development and management of the Group since 1996.

He worked in merchant banking, investment management, stock broking, computer distribution, and venture capital before becoming the Group General Manager of Eu Yan Sang Holdings Ltd (EYSH) in 1989. EYSH owned the Eu Yan Sang business in Singapore and Malaysia then. In 1993, he organised a management buyout of the business and, in 1996, merged it with the Eu Yan Sang business in Hong Kong to form the Group.

Richard holds a Bachelor of Law degree from London University, UK. He is also an Independent Director of Broadway Industrial Group Limited (listed on the Singapore Exchange).

Richard was named the Ernst & Young Entrepreneur of the Year 2011 (Singapore) and represented Singapore at the Ernst & Young World Entrepreneur of The Year 2012 award in Monte Carlo, Monaco. He was also recognised as the CEO of the year by the Singapore Corporate Awards 2010, for SGX-listed companies with a market capitalisation of under S$300 million.

Apart from his executive responsibilities, Richard participates actively in community projects and non-profit organisations, serving as the Chairman of National Museum of Singapore and a director of Thye Hua Kwan Moral Charities Limited.

Past directorships in listed companies in the last three years: Harry's Holdings Limited (Catalist SGX- ST).

2. MR ROBERT EU*

Chairman; Executive Director; Group Managing Director, China

Robert was appointed to the Board as a Non-Executive Director on 24 January 1997, and was re-designated as Executive Director and Chairman of the Board of Directors on 1 March 2011. In addition, he was appointed Group Managing Director, China, responsible for business growth in China.

Robert holds a Bachelor of Arts degree in History from Northwestern University, USA and serves as a board member of Top Tier Capital Partners, a private equity asset management firm. He was the only Singapore business leader conferred the Chinese

Business Leaders Annual Award for 2014, by the Phoenix Television.

From 1998 until August 2013, Robert was affiliated with WR Hambrecht + Co, a USA-based investment bank. From 1993–1998, Robert was a Managing Director of H&Q Asia Pacific, a leading Asian private equity firm. From 1992–1993, he was the Business Development Manager for Eu Yan Sang (Hong Kong) Limited. He was also with Citibank NA, Hong Kong.

Past directorships in listed companies in the last three years: SGOCO Group, Ltd. (Nasdaq: SGOC).

3. MR CLIFFORD EU*

Executive Director;
Group Managing Director, International;
Company Secretary

Clifford was appointed to the Board on 1 July 1993. He is the Group Managing Director responsible for the strategy and business development of Eu Yan Sang's products into international markets. He is also responsible for the Group's manufacturing and supply chain strategy.

Prior to joining the company, he was involved with his family's investment holding group, overseeing its manufacturing and distribution operations in Singapore and Malaysia.

Clifford holds a Bachelor of Electrical Engineering from the University of Melbourne, Australia.

Past directorships in listed companies in the last three years: NuSep Holdings Ltd.

4. MR MATTHEW J. ESTES

Lead Independent Director

Matthew was appointed to the Board as an Independent Director on 29 October 2010 and is the Chairman of the Compensation Committee and the Lead Independent Director.

He is the Founder and former CEO of BabyCare Ltd, a company that manufactures and sells nutritional supplements in over 200 BabyCare Centres and Service Centres, as well as via over 30,000 independent distributors, in China. He also founded Yaolan New Media Ltd (Yaolan.com), the largest Chinese language parenting website, with more than eight million registered families.

Matthew was the Managing Director, Greater China, for Wella Cosmetics (now part of Procter & Gamble) from 1993–1998, and the National Hospital Sales & Marketing Manager for SmithKline Beecham JV in Tianjin from 1991–1993. Before moving to China, Matthew, who is fluent in Mandarin, worked for SmithKline Beecham in a variety of departments across the USA, UK and Asia.

Matthew, who holds a Bachelor of Arts degree in Economics from Pomona College, USA, had served as Vice Chair of AmCham Board of Governors in China and Chairman of the AmCham Retail & Distribution Forum.

He can be reached at leadid@euyansang.com.

Past directorships in listed companies in the last three years: None.

5. MR DANIEL SOH CHUNG HIAN

Independent Director

Daniel was appointed to the Board on 11 January 2013. He is an Independent Director and the Chairman of the Audit Committee.

A fellow member of Chartered Accountants, Singapore, Daniel began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement on 31 December 2012. His 35 years of experience saw him auditing many publicly listed companies and working on many IPOs.

Daniel sits on the Board of Governors of Raffles Girls' School. He also sits on the board of Lum Chang Holdings Limited and QAF Limited.

Daniel graduated from the then University of Singapore with a degree in Accountancy, and possesses a Master of Business Administration from International Centre of Management in the UK.

Past directorships in listed company for the last three years: None.

6. MS NG SHIN EIN

Independent Director

Shin Ein was appointed to the Board as an Independent Director on 28 October 2011. She is the Chairman of the Nominating Committee.

Shin Ein is a private equity entrepreneur. She is the Managing Partner of Gryphus Capital, an investment partnership with RHB Bank. Shin Ein leads a network of global family offices in Asian private equity investments. She is actively engaged in strategic and business development of portfolio companies which span both the old and new economies, with a focus on how innovation adds value to businesses.

Prior to this, Shin Ein spent a number of years at the Singapore Exchange, where she was responsible for developing Singapore's capital market and attracting foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee where she contributed industry perspectives and also acted as a conduit between the marketplace and regulators.

Shin Ein sits on the Board of NTUC Fairprice Co-operative and is its youngest ever director. This year she received the Friend of Labour Award. Additionally, she serves on the boards of Yanlord Land Limited, First Resources Limited, Sabana Shari'ah Compliant Industrial Real Estate Investment Trust and UPP Holdings Limited, companies listed on the Singapore Exchange.

Shin Ein is interested in philanthropy and social enterprises. She was an adjunct research fellow at the National University of Singapore where she focused on corporate philanthropy and social enterprises, bringing together diverse interests and perspectives in this area. She also dedicated time to the National Council of Social Services in 2014, taking on the role of Project Director for Care and Share@SG50, a nationwide initiative.

Admitted as an advocate and solicitor of the Singapore Supreme Court, Shin Ein started her career as a corporate lawyer in Lee & Lee, advising clients on joint ventures, mergers & acquisitions and fund raising exercises.

Past directorships in listed companies in the last three years: None.

** Richard, Robert and Clifford Eu are first cousins*

SCIENTIFIC ADVISORY BOARD

The EYSI Scientific Advisory Board (SAB) was established to make recommendations to the Group CEO and the senior management on matters of science, medicine and emerging technologies that are relevant to the growth of the Group. While innovation, research and development have long been cornerstones of growth for our subsidiaries in their individual markets, the more encompassing and consolidating perspective of the SAB will serve to optimise our research and development efforts and enhance performance for the entire Group.

The SAB provides scientific and technical guidance relating to the development of new products and capabilities for the Group, to ensure on-going relevance and innovation. It also recommends new or strategic initiatives and directions, with an emphasis on the need for scientific and evidence-based advancement of TCM in integrative health enhancement. Finally, the SAB evaluates and offers priorities for research, product development, and other related projects undertaken by the Group independently or in partnership with collaborators.

Members of the SAB are active, both locally and internationally, in research institutions, universities, clinical practice and industry. They have been appointed on the basis of their expertise in particular medical and scientific fields relevant to our goals, and to the development of the Group as a pioneering leader in the scientific advancement of TCM and the integrative healthcare industries.

The SAB consists of:

Board Members

PROFESSOR CHAY OH MOH
Campus Director, Education and Senior Consultant, Respiratory Medicine Service, Department of Paediatrics at KK Women's and Children's Hospital (KKH);
Professor and Paediatric Program Leader, Duke-NUS-GMS;
Associate Designated Institutional Officer, KKH, SingHealth Residency

DR CHING CHING SEAH
General Manager, Eu Yan Sang Innovation Labs, EYSI;
Member of the National ISO Mirror Working Group for Traditional Chinese Medicine, Singapore

DR ANN TAN
Medical Director, Women and Fetal Centre

MORRIS SHRIFTMAN
Director of Strategic Initiatives, EYSI;
CEO, Mozart LLC

PROFESSOR WALTER WAHLI
Professor of Metabolic Disease in Lee Kong Chian School of Medicine, Nanyang Technological University;
Professor Emeritus, Center for Integrative Genomics, University of Lausanne;
Pierre de Fermat Chair of Excellence Laureate, French National Institute for Agricultural Research (INRA);
Member of the Swiss Academy of Medical Sciences;
Honorary Clinical Senior Lecturer in the Faculty of Medicine, Imperial College, London;
Member of the Council of the Nestlé Foundation for the Study of Problems of Nutrition in the World

ALICE WONG
Managing Director, Eu Yan Sang (Hong Kong) Limited;
Member of Committee on Research & Development of Chinese Medicines, HKSAR;
Member of Chinese Medicine Industry Sub-committee, Chinese Medicines Development Committee, HKSAR;
Member of Expert Group on Production Certification Scheme, The Panel on Promoting Testing and Certification Services in Chinese Medicine Trade, HKSAR

Special Guest

MARK BLUMENTHAL
Founder and Executive Director of the American Botanical Council;
Editor of the journal HerbalGram;
Senior Editor, The Complete German Commission E Monographs;
Senior Editor, The ABC Clinical Guide to Herbs;
Director, ABC-AHP-NCNPR Botanical Adulterants Program

Secretary

Shi Xuan Wong
Registered TCM Physician;
Assistant Manager, Eu Yan Sang Innovation Labs, EYSI

MEDICAL BOARD

The Medical Board (MB) comprises both Western-trained medical specialists and TCM physicians to provide a balanced view of integrative medicine. Members include healthcare professionals from various medical specialities as well as representation from the clinic management.

One of the MB's roles is overseeing standards of care in the development of TCM and Integrative Medicine clinical services for the Group and this includes the advisory on protocols for clinical documentation and clinical quality indicators. In the area of quality assurance, the MB advises on the quality and appropriateness of services provided, including clinic practices and clinic audits.

As for recruitment, the MB establishes the qualifications and experience required for prospective practitioners, and assists with interviews as well as endorsing their appointments. To ensure compliance and professionalism, the MB makes recommendations for the conduct and ethics of physicians.

Furthermore, the MB makes inquiries and investigates allegations of inappropriate conduct or practices when required.

The MB also recommends appropriate approaches to take when it comes to education and clinical research within the Group.

The MB consists of the following:

Chairman

DR. KHOO KEI SIONG
Deputy Medical Director and Senior Consultant, Medical Oncology, Parkway Cancer Centre

Head, Representing EYSIH

CARYN PEH
Managing Director,
Clinic Services,
Eu Yan Sang Integrative Health Pte Ltd

Medical Specialists

Dr Lau Tang Ching
Senior Consultant and Associate Professor, Division of Rheumatology, University Medicine Cluster, National University Hospital
Registered Acupuncturist

Dr Peter Loke Chi Wei
Managing Director & Family Physician, Mint Medical Centre
Partner, Resolvers Pte Ltd
Adjunct Senior Lecturer, Centre for Biomedical Ethics, National University Hospital
Regional Medical Advisor, Syngenta Asia Pacific Pte Ltd
Principal Mediator, Singapore Mediation Centre

TCM Physicians

HE QIU LING
Senior Physician,
Eu Yan Sang Integrative Health Pte Ltd

ZHONG XI MING
Senior Physician,
Eu Yan Sang Integrative Health Pte Ltd

Secretary

ALICIA LIM SOCK LING
Registered TCM Physician
Senior Executive, Clinical Affairs,
Eu Yan Sang Integrative Health Pte Ltd

INVESTOR RELATIONS

We promote and facilitate communications with existing and potential investors and stakeholders through regular communication and engagement. We are committed in maintaining high standards of disclosure and corporate transparency.

We believe that having effective communication channels with the investment community is crucial in ensuring the stringent standards of corporate governance and transparency to protect the interests of our stakeholders.

Corporate Updates

We proactively publish updated and accurate information on both the websites of the Singapore Exchange Securities (SGX) and EYSI for the public. The EYSI website provides an important platform to access information on corporate updates, financial data and digital versions of our annual reports. Apart from the quarterly financial announcements mandated by SGX, we also share our business updates, decisions, development and strategies with the investment community through press releases.

Annual General Meeting (AGM)

Our AGM provides a platform with the opportunity for our shareholders to meet the Board of Directors and the management face-to-face to answer queries pertaining to business operations, financial performance, financial position, business strategy and direction, and to explain business decisions made.

Analysts Engagements

The management meets equity analysts after quarterly financial reports are announced to provide them in-depth understanding of our financial performance, business operations and updates. The research houses that are maintaining their coverage on EYSI are RHB Securities and CIMB. We also maintain frequent engagement with UOB Kay Hian, OCBC and other institutional investors.

Media Engagements

We engage local and regional media proactively on our quarterly financial results and other business news to provide insights and updates on the Group's performance and developments. We believe that active media engagement is one channel to build a strong brand reputation and to raise awareness in our key markets.

Media Coverage

We have achieved significant media coverage for our quarterly financial results and other business news on print, broadcast and online media like The Straits Times, The Business Times, Lianhe Zaobao, The Edge and BBC. Media reports of financial results range from positive to neutral and factual.

Funds Engagements

EYSI also actively engages fund managers and institutional investors to build a more sophisticated and robust shareholding structure.

Investor Relations Activities Conducted in FY2015

Date	Event	Organiser
Aug 2014	FY2014 results briefing	EYSI
Oct 2014	Q1FY2015 results briefing	EYSI
Feb 2015	Q2FY2015 results briefing	EYSI
May 2015	Q3FY2015 results briefing	EYSI
Aug 2015	Q4FY2015 results briefing	EYSI

COMMUNITY ACTIVITIES

At Eu Yan Sang, our founding mission of "caring for mankind" is at the heart of everything we do. Beyond offering great products and services that improve lives, we are committed to play our part in helping the communities we operate in.

Singapore

In Singapore, our commitment to education saw the Eu Yan Sang Academy incorporated in June 2014. As a not-for-profit training institution, the Academy uses its surplus revenues to further its mission to uplift the professional standards of the TCM industry, by offering the best continuous learning opportunities in TCM, natural health and wellness.

We continue to train and nurture new talents in the TCM industry through the Eu Yan Sang TCM Scholarship progamme. Upon obtaining their TCM practising licence, the scholars undergo at least one year of the structured Eu Yan Sang Residency Programme before practising at our TCM clinics. The scholarship programme has since awarded around S$500,000 to 13 promising scholars to complete their study at the Beijing University of Chinese Medicine.

This year, we continued to bring the joy of Chingay Parade to underprivileged groups in the community through the Chair for a Cause Initiative. Over the past 11 years, we supported the Parade and brought more than 10,000 needy residents to watch the show on site. Our staff volunteers have also co-organised a gathering with the South East Community Development Council, to celebrate Chinese New Year with elderlies at the Thye Hwa Kwan Bedok Radiance Centre.

Malaysia

This year, our annual "Bucket of Gold" charity campaign raised RM135,179.49 in Malaysia for the charity organisation of our choice- the Association for Special Children Kajang Selangor (PKIK). PKIK helps children with learning disabilities in their mental and physical development by offering training programmes and support services. Our donation funds PKIK's long-term plan to build a one-stop centre for the children to have a better learning environment. The campaign raised over RM1 million for 11 worthy causes since 2003.

We continued our tradition to nurture future generation through "One Year One School" charity campaign. A total of RM128,842.13 was raised to help a Chinese primary school - SJKC Union - to relocate from Taiping to Cyberjaya and to continue its operation. At its original location in Ulu Sepetang, the school suffered under-enrolment for years as a result of urbanisation. The "One Year One School" campaign has raised over RM1.4 million and benefited ten primary schools, to date.

In September 2014, we celebrated our 135th anniversary with a Charity Gala Dinner Show by Richard Clayderman. Through the charity show, we raised a total of RM1.26 million for Cancer Research Initiative Foundation & the Registered Trustees of Joseph William Yee Eu Foundation. At the same event, the Flag Bearer Education Foundation was conceptualised. Together with the Genting Group we pledged RM500,000 each to support education welfare for children of the deceased/missing crew members of MH17 and MH370. The Minister of Defence, Dato' Seri Hishammuddin Hussein was appointed as pro-tem founder patron of the foundation.

Hong Kong

In Hong Kong, our dedication to help families of children with special needs is demonstrated through various projects funded by the Eu Yan Sang Charitable Foundation. Our beneficiaries include children suffering from mental or physical disabilities, autism, attention deficit hyperactivity disorder (ADHD) and learning disabilities under the care of Heep Hong Society, Caritas, Kwun Tong Methodist Social Services and the Spastics Association of Hong Kong.

AWARDS & ACCOLADES

Since July 2014, we have clinched multiple awards in Australia, Hong Kong, Malaysia and Singapore. These awards are testament of consumers' trust and industry recognition of our brand.

Consumers' Choice

Putra Brand Awards, Health category- Silver
Consumers' choice;
five-time winner
Association of Accredited Advertising Agents, Malaysia

YAHOO! Emotive Brand Award
Consumers' choice;
three-time winner
YAHOO! Hong Kong

Readers' Digest Trusted Brands Platinum Award
Ranked no. 1 in the trusted brand survey for the TCM category, four-time winner
Readers' Digest, Hong Kong

GS1 Consumer Caring Scheme
Four-time winner
GSI

TOMO Brand award 2015 - Healthcare brand
NEXT Mobile

Brand and Corporate

EY-Barclays Family Business Award of Excellence
Ernst & Young & Barclays, Singapore

Employer of the Year
Disability Services Australia

Singapore Corporate Award - Best Managed Board, Bronze in the mid cap category
The Business Times, Singapore

Prestigious Corporate Brand Awards 2014- Top Ten Hong Kong Prestigious Corporate Brand
Four-time winner
Ming Pao Daily News & Chinese University of Hong Kong

Prestigious Corporate Brand Awards 2014 - Silver
Four-time winner
Ming Pao Daily News & Chinese University of Hong Kong

TVB Weekly Outstanding Corporate Image Award 2014
TVB Weekly

Hong Kong Outstanding Corporate Community Service Awards 2014
Association of the Hong Kong Central and Western District

Family-Friendly Employers 2013/14
Family Council, Hong Kong

Product & Innovation

Hong Kong Awards for Industries: Technological Achievement Certificate of Merit
Hong Kong Trade & Industry Department

ASEAN Outstanding Business Award- Master Class Award in Health & Beauty Retailing
ASEAN Retail-chain & Franchise Federation

Sunday Baby Kiss Award 2014 - The Most Popular Health Supplement
Four-time winner
Oriental Sunday

2nd Baby & Kid Brand Award 2014 -
My Favorable TCM health product
Hong Kong Sky Post

CORPORATE GOVERNANCE

THE BOARD OF EU YAN SANG INTERNATIONAL LTD ("**BOARD**") AND ITS MANAGEMENT ARE COMMITTED TO ACHIEVING HIGH STANDARDS OF CORPORATE GOVERNANCE SO AS TO STRENGTHEN CORPORATE TRANSPARENCY, PROTECT SHAREHOLDERS' INTERESTS AND PROMOTE INVESTORS' CONFIDENCE.

On 2 May 2012, Monetary Authority of Singapore (MAS) issued the revised Code of Corporate Governance 2012 ("**Code**"). Eu Yan Sang International Ltd ("**Company**") and its subsidiaries ("**Group**") have adopted, as far as practicable, corporate governance practices which are substantially in line with the principles of the Code. This report outlines the Group's corporate governance practices during the financial year ended 30 June 2015 ("**FY2015**").

Principle 1: The Board's Conduct of Affairs

The principal functions of the Board are to:

(1) provide entrepreneurial leadership and approve the broad policies, strategies and financial objectives of the Company and monitor the performance of the Management;
(2) ensure that necessary financial and human resources are in place for the Company to meet its objectives;
(3) oversee the processes for evaluating the adequacy of internal controls, financial reporting and compliance;
(4) approve the change of directors and key management personnel of the Company;
(5) approve annual budgets, major funding proposals, investment and divestment proposals;
(6) assume responsibility for corporate governance; and
(7) set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. Such matters include conflict of interest, material acquisitions and disposal of assets, capital expenditure, changes in issued share capital, dividends and other returns to shareholders, bank borrowings and credit facilities, financial results, and budget approvals.

The Board conducts regularly scheduled meetings on a quarterly basis. Typically, at least one Board meeting a year is scheduled to be held overseas, in a country where the Group has significant investment. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association provide for meetings by means of teleconference. The attendance of Directors at meetings of the Board and Board Committees for FY2015 is as follows:

Directors' Attendance At Board & Committee Meetings

	Board	Audit Committee	Compensation Committee	Nominating Committee	Strategic Direction Committee
No of Meetings Held	4	4*	2	2	4
Robert James Eu Yee Sang	4/4	–	–	–	4/4
Richard Eu Yee Ming	4/4	–	–	2/2	4/4
Clifford Eu Yee Fong	4/4	–	–	–	4/4
Matthew J. Estes	4/4	4/4	2/2	–	4/4
Ng Shin Ein	4/4	4/4	2/2	2/2	4/4
Daniel Soh Chung Hian	4/4	4/4	2/2	2/2	4/4

* All the members of the Audit Committee are Independent Directors. Where warranted, they meet without the presence of the Management or Executive Directors to review any matter that may be raised privately, including meeting with the external auditors and the internal auditors. Such meetings are not reflected in the table above.

The Company has an Induction Programme for new Directors to provide the key information and knowledge about the Company, the business and corporate governance practices.

For Directors to meet their training needs, the Company provides facilities for the conduct of internal courses and a budget for attending external courses as may be selected by Directors and approved by the Board. Directors are also provided with regular updates and briefings from time to time by professional advisors, auditors and the Management on new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors. A new Director is given orientation on the Group's businesses. The Company adopts a policy whereby Directors are encouraged to request for further explanations, briefings or informal discussions on the Company's operations or business with the Management.

Principle 2: Board Composition and Guidance

The Board comprises the following members:

Executive Directors
Robert James Eu Yee Sang (Chairman)
Richard Eu Yee Ming (Group CEO)
Clifford Eu Yee Fong

Independent Directors
Matthew J. Estes
Ng Shin Ein
Daniel Soh Chung Hian

The Company endeavours to maintain a strong and independent element on the Board. As at 10 September 2015, three out of the six Board members are Independent Directors.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or reasonably be perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The Nominating Committee ("**NC**") reviews the independence of each Independent Director at the time of appointment and annually. The NC has reviewed and determined that the said Directors are independent.

Key information regarding Directors is provided under the "Board of Directors" section.

The Board comprises Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. This enables the Board to interact and work with the Management through an open exchange of ideas and views to help shape the strategic process. To assist in the execution of its responsibilities and to comply with the requirements, the Board has established committees: an Audit Committee, a Nominating Committee, a Strategic Direction Committee and a Compensation Committee, under which the Employee Share Option Scheme Committee functions as a sub-committee. These Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly monitored.

The Board's structure, size and composition are reviewed annually by the NC. The NC is of the view that the current size of the Board is appropriate to facilitate effective decision-making, taking into account the nature and scope of the Group's operations. The NC is satisfied that there is sufficient independent element within the Board to ensure that objective judgement is exercised on corporate affairs.

Principle 3: Chairman and Group Chief Executive Officer

The roles of the Chairman of the Board and Group Chief Executive Officer ("**Group CEO**") are held by two separate individuals. Mr Robert James Eu Yee Sang is the Chairman. He assumed an executive role in the Group with effect from 1 March 2011. Mr Richard Eu Yee Ming is the Group CEO. Mr Robert James Eu Yee Sang and Mr Richard Eu Yee Ming are cousins.

The Board is of the opinion that despite both the Chairman and the Group CEO being Executive Directors, with the composition of the Board comprising of three Independent Directors and the presence of a Lead Independent Director as discussed below, there are sufficient checks and safeguards to ensure that the process of decision making by the Board is independent and based on shared agreement without any individual exercising any significant concentration of control or authority.

In addition, the responsibilities of the Chairman and the Group CEO are clearly defined. The Group CEO is the most senior executive in the Company and bears responsibility for the Company's business, while the Chairman is responsible for the leadership of the Board. The Chairman schedules board meetings and sets board agenda in consultation with the Group CEO. The Chairman reviews most board papers before they are submitted to the Board and ensures that all Board members are provided with complete, adequate and timely information. As a matter of practice, board papers are sent to Directors approximately seven days in advance for Directors to be adequately prepared for the meetings.

The Group CEO executes decisions taken by the Board and is responsible for the day-to-day operations of the Company. The Group CEO presides over a Corporate Leadership Team ("**CLT**") consisting of the Executive Directors, Chief Financial Officer ("**CFO**"), Managing Directors and Group General Managers. In setting the business direction of the Group, the CLT convenes monthly meetings to review the Group's operational performance and evaluates new projects and investment opportunities. The Strategic Direction Committee ("**SDC**") allows all members of the Board to work with the Group CEO and the CLT to set the strategic direction of the Group.

Lead Independent Director

Mr Matthew J. Estes took over as the Lead Independent Director on 30 October 2013, to lead and co-ordinate the activities of the Independent Directors.

The Lead Independent Director assists the Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Group. He presides at meetings of the Board in the absence of the Chairman, and sets the agendas and serves as chairman of the meetings of the Independent Directors.

All the Independent Directors, including the Lead Independent Director, meet at least annually without the presence of other Executive Directors to discuss matters of significance which are then reported to the Chairman accordingly.

Stakeholders with concerns may contact the Lead Independent Director directly at the following email address: leadid@euyansang.com, when contact through the normal channels via the Chairman, the Group CEO or the CFO has failed to provide satisfactory resolution, or when such contact is inappropriate.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee

The Nominating Committee ("**NC**") comprises the following members, the majority of whom, including the Chairman, are Independent Directors:

1. Ng Shin Ein (Chairman)
2. Daniel Soh Chung Hian (Member)
3. Richard Eu Yee Ming (Member)

The NC Chairman is not, or is not directly associated with, a substantial shareholder.

Guideline 4.1 of the Code requires that the Lead Independent Director be a member of the NC. However, Mr Matthew J. Estes who is the Lead Independent Director is not a member of the NC. Among the Independent Directors, the Board found Mr Matthew J. Estes to be the most suitable for the role of the Lead Independent Director due to his experience. He was then already serving on all other Committees except for the NC. Taking into consideration the distribution of duties among the Independent Directors, Mr Matthew J. Estes was appointed the Lead Independent Director but not a member of the NC. As matters decided by the NC are put forward to the Board for consideration, Mr Matthew J. Estes is able to provide his advice to the NC at the Board level.

The NC has adopted written terms of reference defining its members, administration and duties. The NC's principal functions are to:

1. identify candidates and review all nominations for the appointment or re-appointment of Directors, the Group CEO, senior executive staff, members of the various Committees, for the purpose of proposing such nominations to the Board for its approval;
2. set criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 1;
3. determine annually the independence of the Directors. If the NC determines that a Director is independent, notwithstanding that he or she has one or more of the relationships (as set forth in Guideline 2.3 of the Code), it will disclose in full the nature of the director's relationship and bear the responsibility for considering him or her as independent;
4. decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
5. decide whether a Director is able to and has been adequately carrying out his or her duties as a director of the Company, particularly when the Director has multiple board representations;
6. assess annually the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness to the Board, which enables the NC to identify areas for future improvement to the Board's effectiveness, with recommendations made to the Board for consideration;
7. review training and professional development programs for the Board; and
8. oversee the management, development and succession planning of the Group.

The details of the Board are as follows:

Name of Director	Nature of appointment	Date of appointment	Last re-election	Directorship in listed companies
Robert James Eu Yee Sang	Executive	24 January 1997	30 October 2012 *(To stand for re-election at the forthcoming Annual General Meeting)*	Eu Yan Sang International Ltd
Richard Eu Yee Ming	Executive	27 May 1993	Not applicable	Eu Yan Sang International Ltd Broadway Industrial Group Ltd
Clifford Eu Yee Fong	Executive	1 July 1993	29 October 2014	Eu Yan Sang International Ltd
Matthew J. Estes	Independent	29 October 2010	30 October 2013	Eu Yan Sang International Ltd
Ng Shin Ein	Independent	28 October 2011	29 October 2014	Eu Yan Sang International Ltd Yanlord Land Ltd First Resources Ltd Sabana Shari'ah Compliant Industrial Real Estate Investment Trust UPP Holdings Limited
Daniel Soh Chung Hian	Independent	11 January 2013	30 October 2013 *(To stand for re-election at the forthcoming Annual General Meeting)*	Eu Yan Sang International Ltd Lum Chang Holdings Limited QAF Limited

None of the Directors exceed the maximum number of listed board representations determined by the NC and the Board, which is 6. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

The NC evaluates the Board's performance as a whole on an annual basis. Each Director is required to complete a Board Evaluation Questionnaire to access the overall effectiveness of the Board. The areas under evaluation include board composition; board information; board process, internal control and risk management; board accountability; Group CEO and top management; and standards of conduct. Questions requiring each Director to evaluate how the Committees and Directors are performing are also included in the Board Evaluation Questionnaire. In view of the foregoing, there is no separate peer evaluation. The NC together with the Chairman of the Board evaluates the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board. The results of the NC's assessment for FY2015 had been communicated to and accepted by the Board.

The Group has an established succession planning framework for the leadership renewal for key executive roles. Training plans will be developed for the development of identified internal candidates for the key executive roles.

New Directors

The search and nomination process for new Directors, if any, are through contacts and recommendations. The NC will review and assess candidates before making recommendation to the Board. In recommending new Directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability.

New Directors are at present appointed by the Board, after the NC recommends their appointment. Such new Directors are required to submit themselves for re-election at the next Annual General Meeting ("**AGM**") of the Company. The NC assesses and recommends to the Board, Directors who retire pursuant to the Articles of Association of the Company and stand for re-election at the next AGM.

Principle 6: Access to Information

Directors are provided with background and other relevant information to support decision-making. The Management provides the Board with monthly financial reports and quarterly management reports. The Board also reviews legislation and regulatory compliance reports from Management to ensure that the Group complies with the relevant regulatory requirements. Directors have also been provided with e-mail addresses and telephone numbers of the Company's Group General Managers to facilitate access. In line with the Group's commitment to conservation of the environment, as well as technology advancement, the Board has done away with printed Board papers and Directors are instead provided with tablet devices to enable them to access and read the papers prior to and during meetings.

The Company Secretary attends all Board meetings and is responsible for ensuring that the Company complies with the statutory requirements of the Companies Act. Together with the Management staff, the Company Secretary is responsible for compliance with all other rules and regulations that are applicable to the Company.

Changes to regulations and accounting standards are closely monitored by the Management. Directors are briefed either during Board meetings or by the Company Secretary of these changes, especially where these changes have an important bearing on the Company's or the Directors' disclosure obligations.

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

All the members of the Compensation Committee ("**CC**") are Independent Directors. The following are the members of CC:

1. Matthew J. Estes (Chairman)
2. Ng Shin Ein (Member)
3. Daniel Soh Chung Hian (Member)

The CC has adopted written terms of reference defining its members, administration and duties. The CC's principal responsibilities are to review the annual remuneration package of the Executive Directors and fees for Board members. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, bonuses and benefits-in-kind, based on the performance of the Group and the individual. The recommendations are submitted to the Board for endorsement.

The CC reviews the remuneration of the senior management of the Group and approves the framework of remuneration for the entire organisation, including the structuring of the incentive plans. The review takes into consideration the Company's and the individual's performance and the contributions to the business. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The Company has appointed Mercer (Singapore) Pte Ltd as its remuneration consultants, to establish long-term incentive plans for selected persons. Save as aforesaid, Mercer (Singapore) Pte Ltd has no relationship with the Company.

The Company adopts a remuneration policy that comprises a fixed component as well as a variable component. The fixed component is in the form of base salary and benefits while the variable component is in the form of performance bonus and grant of shares and share options under the Company's Employee Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**").

A sub-committee under the purview of the CC administers the ESOS and the PSP and comprises:

1. Matthew J. Estes
2. Ng Shin Ein
3. Richard Eu Yee Ming

More details on the ESOS and the PSP are provided in the Directors' Report.

An Executive Director is paid a basic salary and a performance-related bonus. Adjustments to the remuneration package of an Executive Director are subject to review and approval by the Board of Directors. Executive Directors are not paid Directors' fees. Non-Executive Independent Directors have no service contracts and are paid Directors' fees which commensurate with their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the individual Directors and the need to pay competitive fees to attract, retain and motivate Directors.

The framework for determining Directors' fees is as follows:

Basic Retainer Fee

Chairman (if applicable)	S$40,000 per annum
Director	S$20,000 per annum

Fee for appointment to any Board Committee

Committee Chairman	S$10,000 per annum
Committee Member	S$5,000 per annum

Attendance Fee per meeting or meetings if more than one held on the same day
S$1,000

Travel Allowance
Directors are reimbursed for their reasonable travel expenses relating to attendance at the board meetings.

No Director decides his or her own fees. Directors' fees are recommended by the CC and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM. The Company seeks shareholders' approval for Directors' fees for the current financial year so that Directors' fees can be paid on a quarterly basis in arrears for that year. For the financial year ending 30 June 2016, the Board has recommended the sum of S$168,000 as Directors' fees. The Directors' fees will be subject to the approval of shareholders at the Company's AGM to be held on 28 October 2015.

A breakdown showing the level and mix of each individual Director's remuneration paid/payable for FY2015 (in percentage terms) is as follows:

Name of Director	Remuneration Band (S$)	Salary (%)	Bonus (%)	Director's Fees (%)	Other Benefits (%)	Total (%)
Robert James Eu Yee Sang	250,000 to 499,999	71	29	0	0	100%
Richard Eu Yee Ming	750,000 to 999,999	65	16	0	19	100%
Clifford Eu Yee Fong	250,000 to 499,999	64	14	0	22	100%
Daniel Soh Chung Hian	0 to 249,999	0	0	100	0	100%
Matthew J. Estes	0 to 249,999	0	0	100	0	100%
Ng Shin Ein	0 to 249,999	0	0	100	0	100%

Details of share options granted to Directors are set out in the Directors' Report.

The table below shows the range of gross remuneration (in percentage terms) of the top five executives (executives who are not Directors) ("**Top Five Executives**") in bands of S$250,000:

Remuneration Band	2015
S$500,000 to S$749,999	1
S$250,000 to S$499,999	4
Below S$250,000	0
Total	**5**

The total remuneration paid to the Top Five Executives for FY2015 amounted to S$1,897,512.

Due to the highly sensitive nature of the information, each individual Director's remuneration is disclosed in bands of S$250,000, and the names and exact remuneration of the Top Five Executives are not disclosed.

The table below shows annual remuneration (in incremental bands of S$50,000) of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year:

Remuneration Band & Name of Executive
S$100,000 to S$149,999
Richard Eu Zai Qi

Mr Richard Eu Zai Qi, son of Mr Richard Eu Yee Ming, is employed by Eu Yan Sang International Ltd as General Manager, Strategic Development. He is currently seconded to Eu Yan Sang (Hong Kong) Limited, and receives remuneration in that capacity.

The CC also reviews the Group's obligations arising in the event of termination of any Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. No termination, retirement and post-employment benefits are granted to Directors, the CEO and the top key management personnel.

Principle 10: Accountability
Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company holds briefings for the media and analysts on its quarterly, half-year and full-year results. All results announcements are released through the SGXNET system and via news releases, and are also posted on the Company's website. All material information relating to the Company is disseminated via SGXNET followed by a news release. Shareholders are informed of changes in the Company and its business which would be likely to materially affect the price or value of the Company's shares. All announcements, including the Annual Report, are available on the Group's website at www.euyansang.com.

The Company has an investor relations team reporting to the Group CEO, whose function is to communicate with investors and attend to their queries. Shareholders of the Company receive the annual report and notice of AGM. The Company holds the AGM at a central location in Singapore with convenient access to public transportation. A registered shareholder who is unable to attend the AGM may choose to appoint up to two proxies to attend the AGM and vote on his, her or its behalf. Nominee companies are exempted from this restriction under the Articles of Association of the Company. At AGMs, shareholders are given the opportunity to ask the Management questions regarding the Company and to air their views.

For all general meetings, separate resolutions will be proposed on distinct issues for approval by shareholders.

Voting at shareholders' meetings is by poll.

The Board intends to declare and pay dividends in the event that there is profit.

Principle 12: Audit Committee

The Audit Committee ("**AC**") comprises the following members, all of whom, including the Chairman, are Independent Directors:

1. Daniel Soh Chung Hian (Chairman)
2. Matthew J. Estes (Member)
3. Ng Shin Ein (Member)

During the year, the AC met with the Group's external auditors and the internal auditors to review the audit plans and the reports of the external auditors and internal auditors. The Group's external auditors are Ernst & Young LLP, and the Group's internal auditors are PricewaterhouseCoopers LLP. The AC has also evaluated the adequacy of the internal controls of the Company with the auditors and discussed their findings with the Management. The AC reviewed the quarterly (Q1, Q2 & Q3), half-year and full-year results announcements before their submission to the Board for approval.

The AC has adopted written terms of reference defining its members, administration and duties. The principal functions of the AC are to:

1. review the audit plan and findings of the external auditors;
2. review the quarterly (Q1, Q2 & Q3), half-yearly and full year results announcement, to ensure integrity of the financial statements and announcements prior to submission to the Board for approval and release;
3. evaluate the adequacy and effectiveness of the internal control systems, including financial, operational, compliance and information technology controls of the Company (carried out internally or with the assistance of any competent third parties);
4. review the Company's risk management processes;
5. review related party transactions, if any;
6. review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors annually; and
7. recommend to the Board on the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors.

To create an environment for open discussion on audit matters, the AC meets with the external and internal auditors, without the presence of the Management, at least once a year.

The Management has put in place a Whistle Blowing Policy, whereby employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow up action. The Company objects to and does not tolerate or condone any obstructive or retaliatory action taken against any employee who wishes or intends to file or has filed a complaint alleging possible improprieties.

Every complaint in person or in writing may be lodged with the AC Chairman or any member of the AC. The AC Chairman can be contacted at the following email address: acchair@euyansang.com. Every effort will be made to protect the complainant's identity. Upon receipt of any complaint, the AC may conduct its own investigation, instruct an internal auditor to conduct investigation, instruct the relevant management to take such remedial action, report the matter to the authorities or take any other action as the AC may determine in the best interests of the Company. The complainant will be notified of actions taken or reason(s) should it be decided that no action is to be taken.

The AC is authorised to investigate any matter within its terms of reference and has been given full access to and cooperation from the Management to enable the AC to fulfill its responsibilities effectively. The AC has full discretion to invite any Director or any executive to attend its meetings.

The AC assesses the external auditors based on factors such as the performance and quality of their audit and the independence of the auditors, and recommends their appointment to the Board. Pursuant to the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. Messrs Ernst & Young LLP has met this requirement and the current Messrs Ernst & Young LLP audit partner for the Company took over from the previous audit partner with effect from the financial year ended 30 June 2015. The Company has complied with Rules 712 and 715 of the Listing Manual issued by SGX-ST in relation to its auditors.

The AC has reviewed the non-audit services provided by the external auditors for FY2015 and is satisfied that such services would not affect the independence of the external auditors. The external auditors have also provided a confirmation of their independence to the AC. Accordingly, the AC has recommended the re-appointment of Messrs Ernst & Young LLP as Auditor of the Company at the forthcoming AGM.

Principle 11: Risk Management and Internal Controls
Principle 13: Internal Audit

The Board, with the assistance from the AC, is responsible for risk management, by ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The Company has outsourced its Internal Audit ("**IA**") function to PricewaterhouseCoopers LLP. The scope of the internal audit is to:

1. review the effectiveness of the Group's material internal controls;
2. provide assurance that key business and operational risks are identified and managed;
3. determine that internal controls are in place and functioning as intended; and
4. evaluate that operations are conducted in an effective and efficient manner.

Material non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the Chairman of the AC as part of the review of the Group's internal control system. For non-compliance of administrative matters, the matter is reported to the Group CEO. The AC reviews the Internal Auditor's reports. To ensure the effectiveness and adequacy of the internal audit function, the AC reviews the Internal Auditor's scope of work on an annual basis. The Company's internal auditors meet or exceed the standards set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed and is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company.

For the financial year under review, the Group CEO and the CFO have provided assurance to the Board that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the operations and finances and that an effective risk management and internal control system has been put in place.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, were adequate and effective as at 30 June 2015.

Dealings in Securities

The Company has issued a policy on securities dealing by officers of the Company and its subsidiaries (comprising directors and key personnel) in the form of a Code of Best Practices on Securities Dealings ("**Securities Dealings Code**") to govern and regulate transactions relating to securities of the Company. The Securities Dealings Code was based on the best practices on dealings in securities issued by the SGX-ST and has been circulated to all relevant parties.

Under the Securities Dealings Code, officers are prohibited from dealing in securities of the Company on short term considerations. The Company and its officers are also prohibited from dealing in securities of the Company during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The Company has complied with the Securities Dealings Code for FY2015.

Interested Person Transactions

The Company has adopted internal guidelines in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. The main objective is to ensure that all interested person transactions are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the shareholders.

The Company monitors all its interested person transactions closely and all interested person transactions are subject to review by the AC on a quarterly basis, if any.

The aggregate value of interested person transactions entered into during the financial year is as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
XAct Solutions Pty. Ltd	16	–
XAct Solutions Pte Ltd	75	–

Material Contracts

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that there was no material contract entered into by the Company and its subsidiaries which involved the interests of any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which was entered into since the end of the previous financial year.

FINANCIAL CONTENTS

DIRECTORS' REPORT

30 JUNE 2015

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Eu Yan Sang International Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015.

DIRECTORS

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

Robert James Eu Yee Sang	(Chairman)
Richard Eu Yee Ming	(Group Chief Executive Officer)
Clifford Eu Yee Fong	(Group Managing Director, International)
Matthew J. Estes	
Ng Shin Ein	
Daniel Soh Chung Hian	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year had, according to the register of the Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 ("the Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
Names of directors	**At 1.7.2014**	**At 30.6.2015**	**At 1.7.2014**	**At 30.6.2015**
The Company				
Ordinary shares				
Robert James Eu Yee Sang	2,045,000	2,045,000	31,516,242	31,516,242
Richard Eu Yee Ming	450,000	450,000	65,154,171	65,154,171
Clifford Eu Yee Fong	498,891	498,891	84,187,120	84,187,120
Interest in warrants to subscribe for ordinary shares				
Richard Eu Yee Ming	2,000,000	2,000,000	–	50,000
Options to subscribe for ordinary shares				
Richard Eu Yee Ming	336,000	336,000	–	–
Clifford Eu Yee Fong	300,000	300,000	–	–
Matthew J. Estes	240,000	240,000	–	–

By virtue of Section 7 of the Act, Mr Richard Eu Yee Ming is deemed to have an interest held on his behalf by HL Bank Nominee (S) Pte Ltd.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

Except as disclosed in this report, no Director who held office at the end of the financial year had an interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

WARRANTS

On 22 November 2011, the Company issued 22,000,000 warrants at an issue price of $0.04 per warrant, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.83 for each new share. The warrants will expire on 22 November 2016.

As at 30 June 2015, no warrants were exercised and converted into ordinary shares of the Company.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

EMPLOYEES SHARE OPTION SCHEME

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

Options had been granted under the EYS ESOS 2000 (excluding lapsed options) in respect of a total of 8,235,500 shares (including 1,214,500 shares as a result of bonus shares issue), of which options to subscribe for 1,944,000 shares remain outstanding as at 30 June 2015. No further options may be granted under the EYS ESOS 2000 as it has lapsed on 30 June 2006, except for adjustment in accordance with Rule 10 of the scheme.

Following the lapse of the EYS ESOS 2000, the Company implemented a share option scheme for executives, directors and other employees, in the form of the Eu Yan Sang Employee Share Option Scheme 2006 ("EYS ESOS 2006"), which was approved by the shareholders at an Extraordinary General Meeting on 27 October 2006.

Under the EYS ESOS 2006, the options will have exercise prices that are set at Market Price, being a price equal to the average of the last dealt prices for the shares on the SGX-ST for the 5 consecutive market days immediately preceding the relevant date of grant for which there was trading in the shares on the SGX-ST and may be exercised after twelve (12) months from the date of grant.

The EYS ESOS 2006 is administered by a committee comprising Richard Eu Yee Ming, Matthew J. Estes and Ng Shin Ein, all of whom are Directors of the Company. The committee has power to determine, inter alia, the persons to be granted options, the number of options to be granted, whether options granted continue to be valid in the event of cessation of employment or appointment of a selected person, the exercise price and any adjustments thereon and recommendations for modifications to the EYS ESOS 2006.

Options had been granted under EYS ESOS 2006 (excluding lapsed options) in respect of a total of 20,466,600 shares (including 1,536,600 shares as a result of bonus shares issue), of which options to subscribe for 5,911,000 shares remain outstanding as at 30 June 2015.

EMPLOYEES SHARE OPTION SCHEME (CONT'D)

Unissued shares under option

During the financial year, 588,000 shares under EYS ESOS 2000 and 881,000 shares under EYS ESOS 2006 were issued by virtue of an exercise of options to take up unissued shares of the Company.

At the end of the financial year, unissued shares of the Company under the options were as follows:

Date of grant	As at 1.7.2014	Number of options lapsed	Number of options exercised	As at 30.6.2015	Exercise price per share $	Exercisable period
ESOS 2000						
15.12.2005	2,532,000	–	(588,000)	1,944,000	0.445*	15.12.2006 to 14.12.2015
ESOS 2006						
13.11.2006	1,020,000	–	(210,000)	810,000	0.569*	13.11.2007 to 12.11.2016
13.12.2007	1,068,000	–	(332,000)	736,000	0.481*	13.12.2008 to 12.12.2017
29.12.2008	336,000	–	–	336,000	0.254*	29.12.2009 to 28.12.2018
15.12.2009	869,000	–	(111,000)	758,000	0.376*	15.12.2010 to 14.12.2019
20.12.2010	1,966,000	(457,000)	–	1,509,000	0.855	20.12.2011 to 19.12.2020
20.01.2012	2,287,000	(297,000)	(228,000)	1,762,000	0.668	20.01.2013 to 19.01.2022
	10,078,000	(754,000)	(1,469,000)	7,855,000		

* Following approval by the Company's shareholders of the Bonus Share Issue on 30 November 2010, the Committee administering the employee share options schemes had adjusted the exercise prices of all the share options outstanding on 30 November 2010 in accordance with Rule 10 of the Rules of the EYS ESOS 2000 and Rule 13 of the Rules of the EYS ESOS 2006 scheme. The exercise prices reflected here are the exercise prices after such adjustment.

The information on directors participating in the option schemes and employees who receive 5 percent or more of the total number of options available under the option schemes are as follows:

Name	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option schemes to 30 June 2015	Aggregate options exercised since commencement of the option schemes to 30 June 2015	Aggregate options outstanding as at 30 June 2015
EYS ESOS 2000				
Directors				
Richard Eu Yee Ming	–	636,000	(300,000)	336,000
Clifford Eu Yee Fong	–	570,000	(270,000)	300,000
Employees				
Alice Wong Suet Ying	–	550,000	(310,000)	240,000
	–	1,756,000	(880,000)	876,000
EYS ESOS 2006				
Directors				
Matthew J. Estes	–	240,000	–	240,000
Employees				
Alice Wong Suet Ying	–	1,080,000	–	1,080,000
	–	1,320,000	–	1,320,000

THE PERFORMANCE SHARE PLAN

The Eu Yan Sang Performance Share Plan ("EYS PSP") is established with the objective of providing the Company greater flexibility to align interests of employees, especially the key executives, with those of the shareholders. It is also intended that the EYS PSP complements EYS ESOS 2006 in its continuing efforts to reward, retain and motivate employees to achieve superior performance which create and enhance economic value for the shareholders. The EYS PSP was approved by the shareholders at the Extraordinary General Meeting on 25 October 2007.

The EYS PSP is administered by a committee comprising Richard Eu Yee Ming, Matthew J. Estes and Ng Shin Ein, all of whom are Directors of the Company. Award given are released once the committee is satisfied that the prescribed performance target has been achieved.

Shares awarded to a particular selected person will be determined by the EYS PSP committee. In deciding on an award to be granted to a selected person, the EYS PSP committee will also consider the compensation and/or benefits to be given to the selected person under the EYS ESOS 2006 and other share-based incentive schemes of the Company.

Since the commencement of the EYS PSP and during the current financial year, no shares were awarded pursuant to the EYS PSP.

BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL, COMPLIANCE AND INFORMATION TECHNOLOGY RISKS

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's framework of internal controls and procedures as well as risk management systems, addressing financial, operational, compliance and information technology risks, were adequate as at 30 June 2015.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises three independent non-executive directors. The members of the AC at the date of this report are:

Daniel Soh Chung Hian (Chairman)
Matthew J. Estes
Ng Shin Ein

The AC carried out its functions in accordance with Section 210B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;

AUDIT COMMITTEE (CONT'D)

- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and

- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC has met four times during the financial year. The AC has also met with internal and external auditors without the presence of the Company's management at least once a year.

Further details regarding the audit committee are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Richard Eu Yee Ming
Director

Clifford Eu Yee Fong
Director

Singapore
10 September 2015

STATEMENT BY DIRECTORS

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

(i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Richard Eu Yee Ming
Director

Clifford Eu Yee Fong
Director

Singapore
10 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EU YAN SANG INTERNATIONAL LTD
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Eu Yan Sang International Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 34 to 110 which comprise the statements of financial position of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
10 September 2015

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Revenue	4	350,408	366,267
Cost of sales		(177,300)	(181,995)
Gross profit		173,108	184,272
Other operating income	5	10,400	4,842
Distribution and selling expenses		(128,365)	(122,996)
Administrative expenses		(36,570)	(37,752)
Other operating expenses		(340)	(475)
Interest income	6	88	241
Interest expense	7	(5,981)	(5,410)
Share of results of joint ventures		27	15
Profit before taxation	8	12,367	22,737
Income tax expense	9	(7,803)	(7,594)
Profit for the financial year, net of tax		4,564	15,143
Profit attributable to:			
Owners of the Company		4,563	15,033
Non-controlling interests		1	110
		4,564	15,143
Earnings per share (cents)	11		
- Basic		1.02	3.38
- Diluted		1.02	3.36

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
Profit for the financial year, net of tax	4,564	15,143
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Revaluation of land and buildings, net of tax	3,120	4,578
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	3,755	(2,261)
Other comprehensive income for the financial year, net of tax	6,875	2,317
Total comprehensive income for the financial year	11,439	17,460
Total comprehensive income attributable to:		
Owners of the Company	11,425	17,360
Non-controlling interests	14	100
	11,439	17,460

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	12	200,134	115,471	568	591
Investments in subsidiaries	13	–	–	77,583	80,758
Amounts due from subsidiaries	20	–	–	57,342	45,307
Other receivables	19	8,183	10,017	–	–
Investments in joint ventures	14	844	761	–	–
Long term investments	15	–	–	–	–
Investment properties	16	46,276	62,385	–	–
Intangible assets	17	4,536	5,084	971	1,082
Prepayments	12	1,670	7,683	–	–
Deferred tax assets	29	858	724	102	–
		262,501	202,125	136,566	127,738
Current assets					
Inventories	18	87,227	83,171	–	–
Trade and other receivables	19	15,107	17,221	117	72
Prepayments		2,298	1,852	88	86
Amounts due from subsidiaries	20	–	–	59,871	47,859
Tax recoverable		221	187	–	–
Cash and cash equivalents	21	25,068	45,118	3,482	12,116
		129,921	147,549	63,558	60,133
Current liabilities					
Trade and other payables	22	36,504	38,327	2,087	2,218
Provision for long service payments		85	46	–	–
Interest bearing loans and borrowings	23	73,398	30,507	50,500	27,200
Notes payable	25	–	24,565	–	24,565
Hire purchase creditors	24	142	140	78	78
Provision for restoration costs	26	1,097	1,102	–	–
Deferred revenue	27	3,377	3,437	–	–
Tax payable		4,716	7,306	88	225
Amounts due to a joint venture		493	108	–	–
Derivatives	25	–	9	–	9
		119,812	105,547	52,753	54,295
Net current assets		10,109	42,002	10,805	5,838
Non-current liabilities					
Interest bearing loans and borrowings	23	934	1,931	–	700
Notes payable	25	98,287	74,679	98,287	74,679
Long term loans from non-controlling shareholders of subsidiaries	28	151	143	–	–
Hire purchase creditors	24	180	246	120	198
Provision for restoration costs	26	2,119	2,844	–	–
Provision for long service payments		216	264	–	–
Deferred tax liabilities	29	9,823	5,572	–	62
Other payables		745	641	–	–
		112,455	86,320	98,407	75,639
		160,155	157,807	48,964	57,937
Equity attributable to owners of the Company					
Share capital	30	41,490	40,639	41,490	40,639
Reserves	31	118,482	116,999	7,474	17,298
		159,972	157,638	48,964	57,937
Non-controlling interests		183	169	–	–
Total equity		160,155	157,807	48,964	57,937

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Attributable to owners of the Company										
	Note	Share capital $'000	Asset revaluation reserve $'000	Capital reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Share options reserve $'000	Warrant reserve $'000	Foreign currency translation reserve $'000	Revenue reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group												
At 1 July 2014		40,639	27,872	453	(35)	1,258	437	(20,116)	107,130	157,638	169	157,807
Profit for the financial year, net of tax		–	–	–	–	–	–	–	4,563	4,563	1	4,564
Other comprehensive income:												
- Revaluation of land and buildings, net of tax		–	3,120	–	–	–	–	–	–	3,120	–	3,120
- Foreign currency translation		–	–	–	–	–	–	3,742	–	3,742	13	3,755
Other comprehensive income for the financial year, net of tax		–	3,120	–	–	–	–	3,742	–	6,862	13	6,875
Total comprehensive income for the financial year		–	3,120	–	–	–	–	3,742	4,563	11,425	14	11,439
Contributions by and distributions to owners:												
- Shares issued pursuant to the exercise of share options		851	–	–	–	(117)	–	–	–	734	–	734
- Share options lapsed		–	–	–	–	(371)	–	–	371	–	–	–
- Dividends	10	–	–	–	–	–	–	–	(9,825)	(9,825)	–	(9,825)
Total contributions by and distributions to owners		851	–	–	–	(488)	–	–	(9,454)	(9,091)	–	(9,091)
Total transactions with owners in their capacity as owners		851	–	–	–	(488)	–	–	(9,454)	(9,091)	–	(9,091)
Others:												
- Transfer to revenue reserve upon realisation		–	(41)	–	–	–	–	–	41	–	–	–
At 30 June 2015		41,490	30,951	453	(35)	770	437	(16,374)	102,280	159,972	183	160,155

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Attributable to owners of the Company										
	Note	Share capital $'000	Asset revaluation reserve $'000	Capital reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Share options reserve $'000	Warrant reserve $'000	Foreign currency translation reserve $'000	Revenue reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group												
At 1 July 2013		39,598	23,336	453	–	1,403	437	(17,865)	101,823	149,185	492	149,677
Profit for the financial year, net of tax		–	–	–	–	–	–	–	15,033	15,033	110	15,143
<u>Other comprehensive income:</u>												
- Revaluation of land and buildings, net of tax		–	4,578	–	–	–	–	–	–	4,578	–	4,578
- Foreign currency translation		–	–	–	–	–	–	(2,251)	–	(2,251)	(10)	(2,261)
Other comprehensive income for the financial year, net of tax		–	4,578	–	–	–	–	(2,251)	–	2,327	(10)	2,317
Total comprehensive income for the financial year		–	4,578	–	–	–	–	(2,251)	15,033	17,360	100	17,460
<u>Contributions by and distributions to owners:</u>												
- Shares issued pursuant to the exercise of share options		1,041	–	–	–	(145)	–	–	–	896	–	896
- Dividends to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(53)	(53)
- Dividends	10	–	–	–	–	–	–	–	(9,768)	(9,768)	–	(9,768)
Total contributions by and distributions to owners		1,041	–	–	–	(145)	–	–	(9,768)	(8,872)	(53)	(8,925)
<u>Changes in ownership interests in subsidiaries:</u>												
- Acquisition of non-controlling interests without a change in control		–	–	–	(35)	–	–	–	–	(35)	(370)	(405)
Total contributions by and distributions to owners		–	–	–	(35)	–	–	–	–	(35)	(370)	(405)
Total transactions with owners in their capacity as owners		1,041	–	–	(35)	(145)	–	–	(9,768)	(8,907)	(423)	(9,330)
<u>Others:</u>												
- Transfer to revenue reserve upon realisation		–	(42)	–	–	–	–	–	42	–	–	–
At 30 June 2014		40,639	27,872	453	(35)	1,258	437	(20,116)	107,130	157,638	169	157,807

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Share capital $'000	Share options reserve $'000	Warrant reserve $'000	Revenue reserve $'000	Total $'000
Company						
At 1 July 2014		40,639	1,258	437	15,603	57,937
Profit for the financial year		–	–	–	316	316
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	316	316
Contributions by and distributions to owners:						
- Shares issued pursuant to the exercise of share options		851	(117)	–	–	734
- Share options lapsed		–	(371)	–	173	(198)
- Dividends	10	–	–	–	(9,825)	(9,825)
Total contributions by and distributions to owners		851	(488)	–	(9,652)	(9,289)
At 30 June 2015		41,490	770	437	6,267	48,964
At 1 July 2013		39,598	1,403	437	17,760	59,198
Profit for the financial year		–	–	–	7,611	7,611
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	7,611	7,611
Contributions by and distributions to owners:						
- Shares issued pursuant to the exercise of share options		1,041	(145)	–	–	896
- Dividends	10	–	–	–	(9,768)	(9,768)
Total contributions by and distributions to owners		1,041	(145)	–	(9,768)	(8,872)
At 30 June 2014		40,639	1,258	437	15,603	57,937

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
Cash flows from operating activities:		
Profit before taxation	12,367	22,737
Depreciation of property, plant and equipment	11,788	9,757
Amortisation of intangible assets	1,327	1,007
Loss on disposal of property, plant and equipment	69	61
Impairment loss on property, plant and equipment	84	–
Property, plant and equipment written off	181	388
Intangible assets written off	1	63
Foreign currency translation realignment	(1,112)	(901)
Fair value loss on property, plant and equipment	27	4
Fair value gain on investment properties	(6,409)	(2,376)
Fair value gain on derivatives	(9)	(62)
Fair value (gain)/loss on financial instruments	(104)	471
Impairment loss on financial assets	333	–
Net write-down/(reversal of write-down) of inventories	242	(218)
Inventories written off	1,305	1,856
Allowance for doubtful receivables (trade)	3	145
Bad debts (trade) written off	47	20
Interest income	(88)	(241)
Interest expense	5,981	5,410
Share of results of joint ventures	(27)	(15)
Deferred revenue	154	508
Increase in long service provisions	17	14
Operating cash flows before changes in working capital	26,177	38,628
Decrease/(increase) in trade and other receivables	3,898	(5,419)
Decrease/(increase) in prepayments	5,671	(1,001)
Increase in inventories	(5,603)	(15,718)
Decrease in trade and other payables	(2,917)	(280)
Increase in amount due to a joint venture	385	108
Cash flows from operations	27,611	16,318
Interest received	84	241
Interest paid	(5,384)	(4,865)
Tax refund	322	565
Income taxes paid	(7,779)	(5,888)
Net cash flows from operating activities	14,854	6,371

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Cash flows from investing activities:			
Purchase of property, plant and equipment (Note A)		(50,729)	(16,741)
Purchase of investment property	16	(15,097)	(1,288)
Purchase of intangible assets	17	(617)	(1,684)
Proceeds from sale of property, plant and equipment		57	187
Investment in joint ventures		–	(736)
Repayment of quasi loan by a joint venture, net		–	39
Payment for long term investments		(333)	–
Net cash outflow on acquisition of business by a subsidiary		–	(224)
Purchase of additional interest in subsidiaries		–	(405)
Net cash used in investing activities		(66,719)	(20,852)
Cash flows from financing activities:			
Proceeds from interest bearing loans and borrowings		80,262	8,581
Repayment of interest bearing loans and borrowings		(37,983)	(37,484)
Repayment of hire purchase creditors		(145)	(337)
Redemption of notes payable		(1,400)	–
Proceeds from exercise of employee share options		734	896
Dividends paid		(9,825)	(9,768)
Dividends paid to non-controlling shareholders		–	(53)
Net cash flows generated from/(used in) financing activities		31,643	(38,165)
Net decrease in cash and cash equivalents		(20,222)	(52,646)
Cash and cash equivalents at beginning of the financial year		45,118	98,076
Effects of exchange rates changes on cash and cash equivalents		172	(312)
Cash and cash equivalents at end of the financial year	21	25,068	45,118

A. Purchase of property, plant and equipment

	Note	2015 $'000	2014 $'000
Aggregate cost of property, plant and equipment acquired		51,200	17,916
Less: Acquisition through business combination		–	(5)
	12	51,200	17,911
Less: Financed by hire purchase creditors		(93)	(118)
Restoration costs capitalised		(378)	(1,052)
Cash payments to acquire property, plant and equipment		50,729	16,741

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Eu Yan Sang International Ltd ("the Company") is a public limited company which is incorporated in Singapore. The Company's registration number is 199302179H. The registered office and principal place of business of Eu Yan Sang International Ltd is located at 21 Tai Seng Drive, Singapore 535223.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries and joint ventures are shown in Notes 13 and 14 to the financial statements respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities Applying the Consolidation Exception*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105: *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107: *Financial Instruments Disclosures*	1 January 2016
(c) Amendments to FRS 19: *Employee Benefits*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial instruments*	1 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of FRS 109.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Joint arrangements (cont'd)

(a) Joint operations

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.7.

2.7 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.10 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue for the provision of integrative medical services is recognised when services are rendered to the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Revenue (cont'd)

(c) Revenue on award credits

Revenue on award credits are recognised based on the number of award credits that have been redeemed in full or partial in exchange for goods, relative to the total number of award credits expected to be redeemed.

(d) Membership fees

Membership fee is recognised as income on a straight-line basis over the membership period.

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

2.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

Subsequent to recognition, land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Freehold land has an unlimited useful life and therefore is not depreciated. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period. All other property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings, leasehold land and buildings	–	20 - 50 years
Furniture, fittings and equipment	–	3 - 10 years
Motor vehicles	–	5 years
Renovations	–	3 - 10 years
Plant and machinery	–	10 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Property, plant and equipment (cont'd)

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.12 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.11 up to the date of change in use.

2.13 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.9(b).

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(i) <u>Computer software</u>

Computer software was acquired separately and is amortised on a straight-line basis over its finite useful life of 2 to 5 years.

(ii) <u>Brands</u>

Brands were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 8 to 10 years.

(iii) <u>Distribution networks</u>

Distribution networks were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 9 to 19 years.

(iv) <u>Customer relationships</u>

Customer relationships were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 4 years.

(v) <u>Product development</u>

Product development costs arising from development expenditures on house brand vitamins and supplements are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the product development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Product development costs have a finite useful life and are amortised over the period of expected sales from the products of 5 years, on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

(vi) Copyrights

Copyrights relate to the right, title and interest in images and artwork for both commercial and non-commercial purposes and are amortised over its finite useful life of 3 years.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) <u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) <u>Financial liabilities at amortised cost</u>

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials on a weighted average cost basis and includes freight and handling charges. In the case of finished products, costs include direct labour and attributable production overheads based on a normal level of activity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Employee benefits

(a) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

(b) Defined contribution plans

As required by law, the companies in the Group make contributions to the state pension funds of the respective countries in which they operate. Such contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

(c) Employment Ordinance long service payments

Certain employees of the Group have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. Provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group at the end of the reporting period.

(d) Long service leave

Long service leave is a period of paid leave for employees who have been working for the subsidiaries in Australia for a qualifying period of time. Long service leave forms part of the National Employment Standards in Australia (NES), where the NES applies to all employees covered by the national workplace relations system. Depending on the relevant state or territory law, an employee may be entitled to long service leave after a period of continuous service ranging from seven to fifteen years with the same or related employer.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(e) Employee share option plan

The Group has in place an Employees Share Option Scheme for the granting of options to eligible employees to subscribe for shares in the Company.

Details of the Plan are disclosed in Note 32 to the financial statements.

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expenses.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

The employee share option reserve is transferred to retained earnings upon expiry or lapse of the share option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.10(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.28 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, these also include bank overdrafts that form an integral part of the Group's cash management.

2.29 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies, management has made estimates and judgments, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates and judgments which have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's tax recoverable, tax payables, deferred tax liabilities and deferred tax assets at 30 June 2015 were $221,000 (2014: $187,000), $4,716,000 (2014: $7,306,000), $9,823,000 (2014: $5,572,000) and $858,000 (2014: $724,000) respectively.

(b) Other estimates and judgments applied

The Group, on its own or in reliance on third party experts, also applies estimates, assumptions and judgements in the following areas:

(i) the determination of fair values of land and buildings under property, plant and equipment, and investment properties by independent professional valuers;
(ii) classification between investment properties and owner-occupied properties;
(iii) impairment assessment of goodwill;
(iv) provision for restoration costs; and
(v) deferred revenue for membership fees and customer loyalty programmes.

These estimates, assumptions and judgments are not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

4. REVENUE

Revenue for the Group represents sales of goods at invoiced value less returns and trade discounts, rental income and medical and laboratory service income.

Revenue is analysed as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Sales of goods		
- Traditional Chinese Medicine ("TCM")	280,089	304,637
- Non-TCM	48,617	40,745
- Others	3,418	2,318
Integrative medical service income	16,905	16,938
Rental income	1,379	1,629
	350,408	366,267

5. OTHER OPERATING INCOME

	Group	
	2015	**2014**
	$'000	**$'000**
Foreign exchange gain/(loss), net	1,409	(373)
Fair value gain on derivatives	9	62
Fair value gain on investment properties	6,409	2,376
Membership fee income	1,457	1,744
Loss on disposal of property, plant and equipment	(69)	(61)
Government grants and incentives	378	347
Refund of contingent consideration	–	323
Others	807	424
	10,400	4,842

6. INTEREST INCOME

	Group	
	2015	**2014**
	$'000	**$'000**
Interest earned from bank deposits	88	241

7. INTEREST EXPENSE

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense on:		
- bank overdrafts	11	2
- hire purchase	15	16
- loans and borrowings	1,533	963
- fixed rate notes	4,422	4,429
	5,981	5,410

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	Group	
	2015	**2014**
	$'000	**$'000**
Audit fees:		
- Auditors of the Company	434	411
- Other auditors	446	378
Non-audit fees:		
- Auditors of the Company	237	108
- Other auditors	558	688
Depreciation of property, plant and equipment	11,788	9,757
Amortisation of intangible assets	1,327	1,007
Property, plant and equipment written off	181	388
Impairment loss on financial assets	333	–
Fair value loss on property, plant and equipment	27	4
Advertising and promotion expenses	13,562	15,393
Directors' fees	142	148
Directors' emoluments:		
- Directors of the Company	1,721	1,711

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial year ended 30 June are:

	Group	
	2015	**2014**
	$'000	**$'000**
Consolidated income statement:		
Current income tax		
- Current income taxation	4,436	7,994
- Under/(over) provision in respect of prior years	33	(868)
Deferred income tax		
- Origination and reversal of temporary differences	1,278	(183)
- Over provision in respect of prior years	(11)	(204)
- Transfer of investment properties to property, plant and equipment	2,067	855
Income tax expense recognised in profit or loss	7,803	7,594
Consolidated statement of comprehensive income:		
Deferred tax expense/(credit) related to other comprehensive income		
- Net surplus on revaluation of land and buildings	607	616
- Transfer of property, plant and equipment to investment properties	–	(2,360)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2015 and 2014 is as follows:

	2015	2014
Profit before tax for the financial year	12,367	22,737
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,264	2,807
Adjustments:		
Expenses not deductible for tax purposes	3,381	2,652
Income not subject to taxation	(2,009)	(647)
Deferred tax assets not recognised	2,931	3,198
Benefits from previously unrecognised tax losses	(12)	(148)
Transfer of investment properties to property, plant and equipment	2,067	855
Under/(over) provision in respect of prior years	22	(1,072)
Effect of partial tax exemption and tax relief	(352)	(226)
Others	511	175
Income tax expense recognised in profit or loss	7,803	7,594

The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Group operates mainly in Singapore, Malaysia, Hong Kong and Australia, where the applicable corporate tax rates for the years ended 30 June 2015 and 30 June 2014 are 17.0%, 25.0%, 16.5% and 30.0% respectively.

10. DIVIDENDS

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the financial year		
First and final dividend for 2014 of 2.2 cents per share tax exempt one-tier (2013: 2.2 cents per share tax exempt one-tier)	9,825	9,768

The Directors have proposed a first and final dividend of 0.5 cent per share in respect of the current financial year. This dividend will be recorded as a liability on the statements of financial position of the Group and of the Company upon approval by the shareholders of the Company at the forthcoming Annual General Meeting of the Company.

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Group	
	2015	2014
	$'000	$'000
Profit for the financial year, net of tax, attributable to owners of the Company	4,563	15,033

	Group	
	2015	2014
	'000	'000
Weighted average number of ordinary shares for computing basic earnings per share	446,732	444,368
Effect of dilution - share options	1,941	2,927
Weighted average number of ordinary shares adjusted for the effect of dilution	448,673	447,295

	Cents	
Basic earnings per share	1.02	3.38
Diluted earnings per share	1.02	3.36

1,509,000 (2014: 1,966,000) share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

The 22,000,000 warrants issued on 22 November 2011 have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the financial year, employees have exercised the options to acquire nil (2014: 252,000) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Renovations $'000	Plant and machinery $'000	Cons-truction in progress $'000	Total $'000
Group								
Cost and valuation								
At 1 July 2013	6,992	62,638	40,721	2,398	22,536	3,118	288	138,691
Additions	–	917	7,773	193	4,802	2,282	1,944	17,911
Transfer to investment properties and intangible assets	–	(17,344)	–	–	–	–	(277)	(17,621)
Transfer from investment properties	–	26,000	–	–	–	–	–	26,000
Acquisition through business combination	–	–	–	–	–	5	–	5
Reclassification	–	(6,792)	(14,295)	–	7,622	6,780	6,685	–
Disposals	–	–	(702)	(398)	(852)	(17)	–	(1,969)
Written off	–	–	(1,834)	–	(1,248)	(1)	–	(3,083)
Gain on revaluation (recognised in other comprehensive income)	179	2,650	–	–	–	–	–	2,829
Elimination of accumulated depreciation on revaluation	(44)	(945)	–	–	–	–	–	(989)
Foreign currency translation adjustment	(171)	(336)	(245)	(29)	(347)	(153)	(1)	(1,282)
At 30 June 2014 and 1 July 2014	6,956	66,788	31,418	2,164	32,513	12,014	8,639	160,492
Additions	–	14,256	5,984	120	6,653	2,537	21,650	51,200
Transfer to intangible assets	–	–	(161)	–	–	–	(399)	(560)
Transfer from investment properties	–	41,019	–	–	–	–	–	41,019
Reclassification	–	–	87	–	18	–	(105)	–
Disposals	–	–	(212)	(152)	(789)	(394)	–	(1,547)
Written off	–	–	(488)	–	(747)	(8)	(6)	(1,249)
Gain on revaluation (recognised in other comprehensive income)	318	3,383	–	–	–	–	–	3,701
Elimination of accumulated depreciation on revaluation	(42)	(1,657)	–	–	–	–	–	(1,699)
Foreign currency translation adjustment	(590)	1,355	(1,040)	(47)	563	353	640	1,234
At 30 June 2015	6,642	125,144	35,588	2,085	38,211	14,502	30,419	252,591
Representing -								
Cost	–	–	35,588	2,085	38,211	14,502	30,419	120,805
Valuation	6,642	125,144	–	–	–	–	–	131,786
	6,642	125,144	35,588	2,085	38,211	14,502	30,419	252,591

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Renovations $'000	Plant and machinery $'000	Construction in progress $'000	Total $'000
Group								
Accumulated depreciation and impairment								
At 1 July 2013	–	–	27,227	1,184	10,656	1,954	–	41,021
Charge for the financial year	44	1,554	3,624	346	3,182	1,007	–	9,757
Reclassification	–	(117)	(8,638)	–	5,433	3,322	–	–
Disposals	–	–	(689)	(163)	(852)	(17)	–	(1,721)
Written off	–	–	(1,723)	–	(971)	(1)	–	(2,695)
Elimination of accumulated depreciation on revaluation	(44)	(945)	–	–	–	–	–	(989)
Foreign currency translation adjustment	–	112	(179)	(18)	(178)	(89)	–	(352)
At 30 June 2014 and 1 July 2014	–	604	19,622	1,349	17,270	6,176	–	45,021
Charge for the financial year	42	2,214	4,042	333	3,924	1,233	–	11,788
Impairment loss	–	–	–	–	84	–	–	84
Reclassification	–	–	4	–	(4)	–	–	–
Disposals	–	–	(194)	(152)	(755)	(314)	–	(1,415)
Written off	–	–	(455)	–	(610)	(3)	–	(1,068)
Transfer to intangible assets	–	–	(27)	–	–	–	–	(27)
Elimination of accumulated depreciation on revaluation	(42)	(1,657)	–	–	–	–	–	(1,699)
Foreign currency translation adjustment	–	64	(638)	(34)	248	133	–	(227)
At 30 June 2015	–	1,225	22,354	1,496	20,157	7,225	–	52,457
Net carrying amount								
At 30 June 2015	6,642	123,919	13,234	589	18,054	7,277	30,419	200,134
At 30 June 2014	6,956	66,184	11,796	815	15,243	5,838	8,639	115,471

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and equipment $'000	Motor vehicles $'000	Renovations $'000	Construction in progress $'000	Total $'000
Company					
Cost					
At 1 July 2013	735	804	83	288	1,910
Additions	150	–	–	–	150
Transfer to intangible assets	–	–	–	(277)	(277)
At 30 June 2014 and 1 July 2014	885	804	83	11	1,783
Additions	27	–	–	592	619
Transfer to intangible assets	–	–	–	(399)	(399)
At 30 June 2015	912	804	83	204	2,003
Accumulated depreciation and impairment					
At 1 July 2013	634	224	83	–	941
Charge for the financial year	90	161	–	–	251
At 30 June 2014 and 1 July 2014	724	385	83	–	1,192
Charge for the financial year	82	161	–	–	243
At 30 June 2015	806	546	83	–	1,435
Net carrying amount					
At 30 June 2015	106	258	–	204	568
At 30 June 2014	161	419	–	11	591

(i) Revaluation of freehold and leasehold land and buildings

The Group has engaged Dennis Wee Realty Pte Ltd (2014: Dennis Wee Realty Pte Ltd), W.M. Malik & Kamaruzaman (2014: W.M. Malik & Kamaruzaman) and Jones Lang LaSalle Limited (2014: Prudential Surveyors International Ltd) which are registered independent appraisers, to determine the fair value of its freehold and leasehold land and buildings in Singapore, Malaysia and Hong Kong respectively as at 30 June 2015 and 30 June 2014. The appraisers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

(ii) Construction-in-progress

Construction-in-progress represents costs incurred on implementation of software systems and construction of property, plant and equipment. The Construction-in-progress is not depreciated until such time when the relevant assets are completed.

(iii) Asset pledged as security

The Group's property at No.1 Jalan 6/2B, Taman Industri Selesa Jaya, Selangor, Malaysia, with a carrying amount of $2,528,000 (2014: $2,634,000) has been pledged as a security against a subsidiary's bank loan (Note 23).

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iv) Assets held under hire purchase

The carrying amount of motor vehicles held under hire purchase at the end of the reporting period for the Group and Company were $448,000 (2014: $558,000) and $258,000 (2014: $419,000) respectively.

(v) Prepayments (non-current)

Prepayments (non-current) represents initial down-payments made to suppliers for the purchase and construction of property, plant and equipment.

The Group's major properties are as follows:

	Location	Description	Floor area (sq ft)	Tenure
(a)	No. 22 and 23, Jalan Dato Bandar, Tunggal, Negeri Sembilan, Malaysia	Shop	13,263	Freehold
(b)	No. 1 SS2/67 SEA Park Petaling Jaya, Selangor, Malaysia	Shop/hostel	5,216	Freehold
(c)	No. 36 and 38 Leech Street, Ipoh, Perak, Malaysia	Shop/warehouse	5,880	Freehold
(d)	No. 2 Jalan Othman Talib, No. 1 Lorong Iskandar Shah, Ipoh, Perak, Malaysia	Warehouse	4,140	Freehold
(e)	No. 98 Jalan Idris Kampar, Perak, Malaysia	Shop/warehouse	4,600	Freehold
(f)	No. 156 Lebuh Chulia Georgetown, Pulau Pinang, Malaysia	Shop/warehouse	18,800	Freehold
(g)	No. 1, Jalan 6/2B, Taman Industri Selesa Jaya, Seri Kembangan, Selangor, Malaysia	Office/factory	20,480	Freehold
(h)	269 South Bridge Road, Singapore	Shop	3,369	Lot 99868A – 999 years from 1 October 1827 (811 years remaining)
(i)	273 South Bridge Road, Singapore	Shop	2,680	999 years from 1 October 1823 (807 years remaining)
(j)	21 Tai Seng Drive, Singapore	Office/ warehouse	79,006	60 years lease from 16 December 1990 (35 years remaining)
(k)	No. 2 Persiaran 1/118C, Desa Tun Razak Industrial Park II, Cheras, Kuala Lumpur, Malaysia	Factory	7,200	99 years lease, expiry 20.3.2085
(l)	No. 4 Persiaran 1/118C, Desa Tun Razak Industrial Park II, Cheras, Kuala Lumpur, Malaysia	Factory	11,360	99 years lease, expiry 20.3.2085
(m)	Ground Floor, 192 Lai Chi Kok Road, Kowloon, Hong Kong	Shop	617	75 years lease from 23.3.1923, renewed for a further 75 years

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Location	Description	Floor area (sq ft)	Tenure
(n)	10 Wang Lee Street, Yuen Long Industrial Park, New Territories, Hong Kong	Office/factory/ laboratory/ warehouse	78,021	49 years lease from 1.12.1998 to 30.6.2047
(o)	12 Wang Lee Street, Yuen Long Industrial Park, New Territories, Hong Kong	Office/factory/ laboratory/ warehouse	21,380	49 years lease from 1.12.1998 to 30.6.2047
(p)	Subsection 1 of Section M of Yuen Long Town Lot No. 313, Hong Kong	Land	170,489	34 years lease from 18.02.2013 to 27.06.2047
(q)	Shop 1-3 on Ground Floor and flat roof/ yard and whole of Mezzanine Floor of Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong	Shop	4,064	999 years lease from 26 December 1866 (850 years remaining)
(r)	Rés-Do-Chão B, Hei Van, Rua do Monte N° 1-B, Macau	Shop	465	Freehold
(s)	Rés-Do-Chão B, Weng Meng, Rua Entre-Campos N° 20-B, Macau	Warehouse	283	Freehold

If the revalued property, plant and equipment were measured using the cost model, the net carrying amounts would be as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Freehold land and buildings	1,137	1,252
Leasehold land and buildings	47,684	19,982
	48,821	21,234

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	**2014**
	$'000	**$'000**
Unquoted shares, at cost	34,395	34,395
Less: Impairment loss	(3,742)	(3,742)
	30,653	30,653
Amounts due from subsidiaries [1]	46,930	50,105
	77,583	80,758

(1) Amounts due from subsidiaries are unsecured and non-trade in nature. Management has designated these amounts due from subsidiaries as indirect capital contribution by the Company as part of the Group funding structure.

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investment in subsidiaries:

	Name of company	Principal place of business	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
	Held by the Company				
#	Eu Yan Sang (Singapore) Private Limited	Singapore	Distribution and sale of traditional Chinese and other medicine	100	100
*	Eu Yan Sang (Hong Kong) Limited	Hong Kong	Investment holdings, manufacturing, processing, distribution and sale of traditional Chinese medicine	100	100
**	Eu Yan Sang (1959) Sendirian Berhad	Malaysia	Investment holdings, distribution and sale of traditional Chinese and other medicine	100	100
#	Eu Realty (Singapore) Private Limited	Singapore	Investment holdings, property investment and sale of traditional Chinese and other medicine	100	100
**	Weng Li Sdn. Bhd.	Malaysia	Commission agent in all kinds of pharmaceutical products and manufacturer of medical pills and capsules	100	100
**	Eu Yan Sang Heritage Sdn. Bhd.	Malaysia	Property investment and sale of food and beverages	100	100
#	Eu Yan Sang Marketing Pte Ltd	Singapore	Distribution and sale of traditional Chinese and other medicine	100	100
@	Eu Yan Sang (Australia) Pty Ltd	Australia	Investment holdings, distribution and sale of traditional Chinese medicine	100	100
#	Red White & Pure Pte. Ltd.	Singapore	Dormant	100	100
**	Eu Yan Sang Integrative Health Sdn. Bhd.	Malaysia	Provision of integrative medical services and property investment	100	100
#	Eu Yan Sang Integrative Health Pte. Ltd.	Singapore	Provision of integrative medical services	100	100
#	Yin Yang Spa Products Pte Ltd	Singapore	Development, manufacturing and distribution of spa products	100	100
#	Eu Yan Sang (China) Pte. Ltd.	Singapore	Investment holding, wholesale of medicine and herbs (other than western medicine)	100	100
#	EYS Labs Pte. Ltd.	Singapore	Investment holding	100	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

	Name of company	Principal place of business	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
	Held by the Company (cont'd)				
#	iGates BioInnovation Pte. Ltd.	Singapore	Developing iGates, an advanced technology to decipher chemical components in traditional Chinese medicine	51	51
**	Matrix Chain Sdn. Bhd.	Malaysia	Dormant	100	100
#	EYS Ventures Pte Ltd	Singapore	Investment holding	100	100
#	Eu Yan Sang Foundation Limited	Singapore	Conducting charitable and other supporting activities aimed at humanitarian work	100	–
#	Eu Yan Sang Academy Limited	Singapore	Conducting and organising of TCM courses	100	–
	Held by subsidiaries				
#	MyLifeInc.Me Pte. Ltd.	Singapore	General wholesale trade (including importers and exporters)	100	100
#	RWP Food Services Pte. Ltd.	Singapore	Dormant	100	100
**	Vistern Health Sdn. Bhd.	Malaysia	Importation, distribution and sale of honey products	100	100
**	Wellness Cottage Sdn. Bhd.	Malaysia	Provision of integrative medical services	100	100
*	Eu Yan Sang (China Ventures) Limited	Hong Kong	Investment holding	100	100
*	Eu Yan Sang Medical Services Limited	Hong Kong	Provision of medical consultancy services	100	100
*	Top Lot Limited	Hong Kong	Provision of advertising agency services	100	100
*	Eu Yan Sang (Properties) Limited	Hong Kong	Property investment	100	100
*	Eu Yan Sang (Export) Limited	The British Virgin Islands	Dormant	100	100
*	Supreme Bottled Bird's Nests Co. Limited	Hong Kong	Manufacturing ready-to-drink bird's nest	90	90
*	ProNature (Hong Kong) Limited	Hong Kong	Provision of packing and sub-processing services	100	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

	Name of company	Principal place of business	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
Held by subsidiaries (cont'd)					
*	Eu Yan Sang Pharmaceutical Limited	Hong Kong	Dormant	100	100
>	Eu Yan Sang (USA) Inc.	United States of America	Dormant	100	100
+	Eu Yan Sang (Thailand) Limited	Thailand	Distribution and sale of traditional Chinese and other medicine	79.4	79.4
++	Eu Yan Sang (Macau) Ltd.	Macau	Distribution and sale of traditional Chinese medicine and other medicine	100	100
++	Yan Sang Biotechnology Company Limited	Macau	Dormant	100	100
+++	Eu Yan Sang Trading (Guangdong) Co. Ltd	People's Republic of China	Wholesale, import and export of packed food products	100	100
>	PT EYS Ventures Indonesia	Indonesia	Dormant	100	100
^	Eu Yan Sang (Taiwan) Co. Ltd	Republic of China	Distribution and sale of traditional Chinese and other medicine	100	100
**	Yen & U Sdn Bhd	Malaysia	Retailer of birds' nest products	100	100
**	Optimum Sejati Sdn. Bhd.	Malaysia	Manufacturer of birds' nest products	100	100
@	Healthy Life Group Pty Ltd	Australia	Distributor, retailer, franchise retailer and brand owner of healthy, beauty and natural products in Australia	100	100
++++	Eu Yan Sang F&B Management (Shanghai) Co., Ltd	People's Republic of China	Sale of food and beverages	100	100
*	ProNature International Limited	Hong Kong	Dormant	100	100
*	Yan Sang Nutraceutical Company Limited	Hong Kong	Manufacturing of Kool Throat	100	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

	Name of company	Principal place of business	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
	Held by subsidiaries (cont'd)				
*	Eu Yan Sang Trading (Hong Kong) Limited	Hong Kong	Dormant	100	100
*	Yan Sang Biotechnology (Hong Kong) Limited	Hong Kong	Dormant	100	100
>	EYS Vietnam Company Limited	Vietnam	Dormant	100	100
<	Eu Yan Sang India Private Limited	India	Dormant	100	100
*	Eu Yan Sang Chinese Medicine (Wholesale) Limited	Hong Kong	Wholesale and distribution of traditional Chinese medicine and other medicine	100	100
#	EYS System Solutions Pte. Ltd.	Singapore	Provision of information technology and computer service activities	100	100
**	Springlogic Sdn. Bhd.	Malaysia	Advertising and publicity agent	100	–

@ Audited by Ernst & Young, Australia
# Audited by Ernst & Young LLP, Singapore
* Audited by Ernst & Young, Hong Kong
** Audited by Ernst & Young, Malaysia
^ Audited by Ernst & Young, Taiwan
+ Audited by EX-CL Consulting Business Co., Ltd
++ Audited by HMV & Associates
+++ Audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
++++ Audited by Shanghai Gao Ke Certified Public Accountants Co., Ltd
< Audited by T.R. Chadha & Co., Chartered Accountants
> Not required to be audited by law of country of incorporation

14. INVESTMENTS IN JOINT VENTURES

	Group 2015 $'000	2014 $'000
Unquoted shares, at cost	809	755
Share of post-acquisition reserves	35	6
	844	761

14. INVESTMENTS IN JOINT VENTURES (CONT'D)

	Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
	Held by subsidiaries				
#	Scyrec Pte. Ltd.	Singapore	Research and experimental development on natural sciences and retail sales of pharmaceutical and medical goods	50	50
*	EYS Neautus (Hong Kong) Limited	Hong Kong	Processing and wholesaling of herbs	51	51
@	EYS Neautus (Sichuan) Company Limited	People's Republic of China	Processing and wholesaling of herbs	49	49

Audited by Ernst & Young LLP, Singapore
* Audited by Ernst & Young, Hong Kong
@ Audited by Sichuan Weicheng Certified Public Accountants Co., Ltd

The Group's commitments in respect of its interest in the joint ventures are disclosed in Note 33(a).

Aggregate information about the Group's investment in joint venture companies that are not individually material are as follows:

The Group's share of the assets and liabilities comprises:

Summarised balance sheet

	Group 2015 $'000	2014 $'000
Assets and liabilities:		
Current assets	1,049	871
Non-current assets	287	53
Total assets	1,336	924
Current liabilities	(492)	(163)
Net assets	844	761
Carrying amount of investment	844	761

14. INVESTMENTS IN JOINT VENTURES (CONT'D)

The Group's share of the results is as follows:

Summarised statement of comprehensive income

	Group 2015 $'000	Group 2014 $'000
Revenue	792	392
Operating expenses	(759)	(373)
Profit before tax	33	19
Income tax expenses	(6)	(4)
Profit after tax	27	15
Other comprehensive income	–	–
Total comprehensive income	27	15

15. LONG TERM INVESTMENTS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Available-for-sale financial assets				
Unquoted shares, at cost	1,595	1,262	1,530	1,197
Impairment loss	(1,595)	(1,262)	(1,530)	(1,197)
	–	–	–	–

Movements in allowance for impairment are as follows:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
At 1 July	1,262	1,262	1,197	1,197
Allowance for the financial year	333	–	333	–
At 30 June	1,595	1,262	1,530	1,197

16. INVESTMENT PROPERTIES

	Group 2015 $'000	Group 2014 $'000
At 1 July	62,385	67,790
Acquisition of property	15,097	1,288
Fair value gain recognised in income statement	6,409	2,376
Transfer from property, plant and equipment	–	17,344
Transfer to property, plant and equipment	(41,019)	(26,000)
Currency realignment	3,404	(413)
At 30 June	46,276	62,385

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

16. INVESTMENT PROPERTIES (CONT'D)

Valuation of Investment Properties

Investment properties are stated at fair value, which has been determined based on valuations as at 30 June 2015 and 30 June 2014. The valuations were performed by registered independent appraisers, Dennis Wee Realty Pte Ltd (2014: Dennis Wee Realty Pte Ltd), W.M. Malik & Kamaruzaman (2014: W.M. Malik & Kamaruzaman) and Jones Lang LaSalle Limited (2014: Prudential Surveyors International Ltd) for properties in Singapore, Malaysia and Hong Kong respectively. The appraisers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. Details of valuation techniques and inputs used are disclosed in Note 36.

Change in use of properties

During the financial year, the Group converted the properties at Sheung Wan, Hong Kong and Weng Meng, Macau for own usage. Accordingly, the Group has reclassified the properties from investment property to property, plant and equipment with effect from the date of change in use.

Rental income and direct operating expenses

As disclosed in Note 4, the property rental income earned by the Group for the financial year ended 30 June 2015 from its investment properties amounted to $1,379,000 (2014: $1,629,000).

	Group	
	2015 $'000	2014 $'000
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	314	272

The investment properties held by the Group as at 30 June are as follows:

Description	Tenure of land	Fair value 2015 $'000	Fair value 2014 $'000
265A&B&C, 273A South Bridge Road, Singapore	999 years lease from 1 October 1823 (807 years remaining)	8,720	8,330
269A&B&C South Bridge Road, Singapore	Lot 99871A – 999 years from 1 October 1823 (807 years remaining); Lot 99869K, 99868A & 99866P – 999 years from 1 October 1827 (811 years remaining)	11,185	10,690
265 South Bridge Road, Singapore	999 years lease from 1 October 1823 (807 years remaining)	4,050	3,870
273B&C South Bridge Road, Singapore	999 years lease from 1 October 1823 (807 years remaining)	5,750	5,495
Lot B1-36 Lower Ground Floor, Skudai Parade, Senai Expressway, Johor Bahru, Johor, Malaysia	Freehold	147	162
No. 12-J-G, 12-J-1 and 12-J-2, Jalan Tun Dr Awang Bandar Bukit Jambul, Penang, Malaysia	Freehold	335	350
Shop 1-3 on Ground Floor and flat roof/ yard and whole of Mezzanine Floor of Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong	999 years lease from 26 December 1866 (850 years remaining)	–	32,200

16. INVESTMENT PROPERTIES (CONT'D)

Description	Tenure of land	Fair value 2015 $'000	2014 $'000
Unit B on Ground Floor, Weng Meng, 20-B Rua de Entre-Campos, Macau	Freehold	–	1,288
Ground Floor (Flat L on G/F), On Ning Building, No. 79 Mut Wah Street, Kwun Tong, Kowloon	99 years lease from 30 June 1948 (32 years remaining)	16,089	–
		46,276	62,385

17. INTANGIBLE ASSETS

	Computer software $'000	Goodwill $'000	Brands $'000	Distribution networks $'000	Customer relationships $'000	Product development $'000	Copyrights $'000	Total $'000
Group								
Cost								
At 1 July 2013	2,817	618	113	1,884	114	159	–	5,705
Additions	1,635	–	–	–	–	12	37	1,684
Written off	(9)	–	–	–	–	(63)	–	(72)
Acquisition through business combination	–	225	–	–	–	–	–	225
Transfer from property, plant and equipment	277	–	–	–	–	–	–	277
Foreign currency translation adjustment	(31)	11	1	7	–	(1)	–	(13)
At 30 June 2014 and 1 July 2014	4,689	854	114	1,891	114	107	37	7,806
Additions	611	–	–	–	–	6	–	617
Written off	(10)	–	–	–	–	–	–	(10)
Transfer from property, plant and equipment	560	–	–	–	–	–	–	560
Foreign currency translation adjustment	(167)	(89)	(14)	(229)	(14)	(13)	2	(524)
At 30 June 2015	5,683	765	100	1,662	100	100	39	8,449
Accumulated amortisation and impairment								
At 1 July 2013	1,408	118	17	148	36	4	–	1,731
Amortisation during the financial year	844	–	12	106	26	18	1	1,007
Written off	(9)	–	–	–	–	–	–	(9)
Foreign currency translation adjustment	(8)	–	–	2	–	(1)	–	(7)
At 30 June 2014 and 1 July 2014	2,235	118	29	256	62	21	1	2,722
Amortisation during the financial year	1,160	–	11	100	24	19	13	1,327
Written off	(9)	–	–	–	–	–	–	(9)
Transfer from property, plant and equipment	27	–	–	–	–	–	–	27
Foreign currency translation adjustment	(103)	–	(4)	(36)	(9)	(2)	–	(154)
At 30 June 2015	3,310	118	36	320	77	38	14	3,913
Net carrying amount								
At 30 June 2015	2,373	647	64	1,342	23	62	25	4,536
At 30 June 2014	2,454	736	85	1,635	52	86	36	5,084

17. INTANGIBLE ASSETS (CONT'D)

	Computer software $'000
Company	
Cost	
At 1 July 2013	120
Additions	956
Transfer from property, plant and equipment	277
At 30 June 2014 and 1 July 2014	1,353
Transfer from property, plant and equipment	399
At 30 June 2015	1,752
Accumulated amortisation and impairment	
At 1 July 2013	17
Amortisation during the financial year	254
At 30 June 2014 and 1 July 2014	271
Amortisation during the financial year	510
At 30 June 2015	781
Net carrying amount	
At 30 June 2015	971
At 30 June 2014	1,082

Amortisation expense

The amortisation of computer software, brands, distribution networks, customer relationships, product development and copyrights is included in the "Administrative expenses" and "Distribution and selling expenses" line item of the consolidated income statement.

Brands

Brands relate to brand and trading names of Healthy Life, Natural Alternative, and Bod, which are exclusive and wholly-owned by Healthy Life and are used on Healthy Life products.

Distribution networks

Distribution networks relate to relationships established with franchisees and wholesale customers of Healthy Life.

Customer relationships

Customer relationships relate to relationships with customers under an existing customer loyalty programme.

17. INTANGIBLE ASSETS (CONT'D)

Product development

Product development relate to costs incurred for the development of house brand vitamins and supplements.

Copyrights

Copyrights relate to the right, title and interest in images and artwork for both commercial and non-commercial purposes.

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to a single cash generating unit (CGU), being the Group's Australian operations under Eu Yan Sang Australia Pty Ltd, for impairment testing.

	Australia operating segment	
	2015	**2014**
	$'000	**$'000**
Goodwill	647	736

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Australia operating segment	
	2015	**2014**
Long-term growth rate	3.0%	3.0%
Pre-tax discount rate	16.3%	16.3%

Sensitivity to changes in assumption

The calculations of value in use for the Australian CGU is most sensitive to the following assumptions:

Revenue growth rates – The revenue growth rates are based on management's estimates. Management recognises that the ability of the Australian operations to reach a critical mass of customers can have a significant impact on revenue growth assumptions. Revenue forecast is based on an estimated compounded year on year growth of 9.1% (2014: 11.2%) for the next 5 years. A reduction of 1.0% (2014: 0.4%) (i.e. the estimated compounded year on year growth for the next 5 years is 8.1% (2014: 10.8%)) in the growth rate would result in the estimated recoverable amount of the goodwill to be equal to its carrying value.

Long-term growth rates – The long-term growth rates are based on management's estimates and do not exceed the long-term average growth rate for the industries relevant to the CGU.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest bearing borrowings of the CGU. The cost of equity is based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the CGU. Specific risk relating to the CGU is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

18. INVENTORIES

	Group	
	2015	**2014**
	$'000	**$'000**
Statement of financial position:		
Raw materials (at cost)	11,723	16,157
Work-in-progress (at cost)	12,349	8,449
Packaging materials (at cost)	995	790
Finished goods (at cost or net realisable value)	62,160	57,775
	87,227	83,171
Inventories are stated after deducting allowance for stock obsolescence of	977	1,010
Analysis of allowance for inventory obsolescence:		
At 1 July	1,010	1,340
Net write-down of inventories/(reversal of write-down)	242	(218)
Utilisation of allowance	(255)	(108)
Exchange realignment	(20)	(4)
At 30 June	977	1,010
Income statement:		
Inventories recognised as an expense in the income statement	154,792	169,588
Inclusive of the following charge/(credit):		
- Net write-down of inventories/(reversal of write-down)	242	(218)
- Inventories written off	1,305	1,856

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
Trade receivables	8,970	12,298	–	–
Allowance for doubtful receivables	(229)	(275)	–	–
	8,741	12,023	–	–
Other receivables (current)				
Deposits	5,535	4,303	38	20
Sundry receivables	786	895	34	52
Loan to a third party	139	94	139	94
Allowance for doubtful receivables	(94)	(94)	(94)	(94)
	6,366	5,198	117	72
Total trade and other receivables (current)	15,107	17,221	117	72
Other receivables (non-current)				
Deposits	8,183	10,017	–	–
Add:				
Amounts due from subsidiaries (non-current)	–	–	57,342	45,307
Amounts due from subsidiaries (current)	–	–	59,871	47,859
Cash and cash equivalents	25,068	45,118	3,482	12,116
	25,068	45,118	120,695	105,282
Total loans and receivables	48,358	72,356	120,812	105,354

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $931,000 (2014: $2,289,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Less than 1 month	305	1,284
More than 1 month less than 3 months	186	466
More than 3 months	440	539
	931	2,289

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follows:

Trade receivables – nominal amounts	229	275
Less: Allowance for doubtful receivables	(229)	(275)
	–	–

Movement in allowance for doubtful receivables (trade) are as follows:

At 1 July	275	181
Allowance for the financial year	3	145
Written off	(31)	(53)
Exchange realignment	(18)	2
At 30 June	229	275

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Due from subsidiaries		
Amounts due from subsidiaries	105,739	81,828
SGD loans to subsidiaries (unsecured)		
Bears interest between 1.28% - 4% (2014: 1.25% - 4%) per annum and have no fixed terms of repayment	28,438	28,438
	134,177	110,266
Allowance for doubtful receivables	(16,964)	(17,100)
	117,213	93,166
Made up of:		
Current	59,871	47,859
Non-current	57,342	45,307
	117,213	93,166

Movement in allowance for doubtful receivables are as follows:

	2015 $'000	2014 $'000
At 1 July	17,100	17,100
Write-back of allowance for the financial year	(136)	–
At 30 June	16,964	17,100

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are expected to be settled in cash. Current amounts are repayable on demand, while non-current amounts are repayable only when the cash flow of the subsidiaries permit.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following at the end of the reporting period:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash and bank balances	25,068	45,118	3,482	12,116

Cash at banks earns interest at floating rates based on daily bank deposit rates.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	15,324	14,339	–	–
Other payables				
Accrued expenses	13,134	16,998	1,067	1,580
Sundry payables	8,046	6,990	1,020	638
	21,180	23,988	2,087	2,218
Trade and other payables	36,504	38,327	2,087	2,218
Add:				
Current				
Provision for long service payments	85	46	–	–
Interest bearing loans and borrowings	73,398	30,507	50,500	27,200
Notes payable	–	24,565	–	24,565
Hire purchase creditors	142	140	78	78
Amounts due to a joint venture	493	108	–	–
Non-current				
Interest bearing loans and borrowings	934	1,931	–	700
Notes payable	98,287	74,679	98,287	74,679
Long term loans from non-controlling shareholders of subsidiaries	151	143	–	–
Hire purchase creditors	180	246	120	198
Provision for long service payments	216	264	–	–
Other payables	745	641	–	–
	174,631	133,270	148,985	127,420
Total financial liabilities carried at amortised cost	211,135	171,597	151,072	129,638

Trade payables / other payables

These amounts are non-interest bearing, and are normally settled on 30 to 90 days' terms.

23. INTEREST BEARING LOANS AND BORROWINGS

	Interest rate		Group		Company	
	2015	2014	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current:						
Unsecured						
Singapore Dollar denominated bank loans	1.18% - 2.43%	1.27% - 1.86%	49,800	25,800	49,800	25,800
	*PLR + 1.125%	*PLR + 1.125%	700	1,400	700	1,400
Malaysian Ringgit denominated bank loans	5.13% - 5.86%	4.94% - 5.25%	8,188	3,112	–	–
Hong Kong Dollar denominated bank loans	2.32% - 2.34%	–	14,532	–	–	–
Secured						
Malaysian Ringgit denominated bank loans	#COF + 1.5%	#COF + 1.5%	178	195	–	–
			73,398	30,507	50,500	27,200
Non-current:						
Unsecured						
Singapore Dollar denominated bank loans	–	*PLR + 1.125%	–	700	–	700
Secured						
Malaysian Ringgit denominated bank loans	#COF + 1.5%	#COF + 1.5%	934	1,231	–	–
			934	1,931	–	700
Total loans and borrowings			74,332	32,438	50,500	27,900

* PLR refers to prime lending rate.
\# COF refers to cost of fund.

The current and non-current secured borrowings are secured by a first charge over a freehold property (Note 12).

The current borrowings of the Group and the Company have maturities of one to twelve months (2014: one to six months) and one to six months (2014: one to six months) respectively from the end of the financial year. The non-current borrowings of the Group and Company are due from 2017 to 2021 (2014: 2016 to 2021).

24. HIRE PURCHASE CREDITORS

	Minimum payments 2015 $'000	Present value of payments 2015 $'000	Minimum payments 2014 $'000	Present value of payments 2014 $'000
Group				
Within one year	155	142	153	140
After one year but not more than five years	196	180	260	236
More than five years	–	–	10	10
Total minimum lease payments	351	322	423	386
Less: Amounts representing finance charges	(29)	–	(37)	–
Present value of minimum lease payments	322	322	386	386
Company				
Within one year	87	78	87	78
After one year but not more than five years	134	120	220	198
Total minimum lease payments	221	198	307	276
Less: Amounts representing finance charges	(23)	–	(31)	–
Present value of minimum lease payments	198	198	276	276

The obligations under hire purchase are secured by rights to the leased assets.

The average discount rate implicit in the Group's and the Company's hire purchases ranges from 2.6% to 3.7% (2014: 2.7% to 5.6%) and 3.6% to 3.7% (2014: 3.6% to 3.7%) per annum respectively.

25. NOTES PAYABLE AND DERIVATIVES

	Group and Company 2015 $'000	Group and Company 2014 $'000
Current:		
SGD 25 million notes	–	24,565
Non-current:		
SGD 25 million notes	23,483	–
SGD 75 million notes	74,804	74,679
	98,287	99,244

SGD 25 million notes

On 22 November 2011, the Company issued $25,000,000 5-year unsecured fixed rate notes and 22 million detachable warrants (Note 31). The notes are due on 22 November 2016 and the holder has the option to put the notes at par to the Company at specific dates and terms (see below). The amount of $23,483,000 (2014: $24,565,000) as at the statement of financial position date represented the notes stated at amortised cost. Interest is payable semi-annually in arrears, at 3.0% per annum for the first 3 years and 4.5% per annum for the subsequent 2 years. Total interest expense for the year recognised on the notes amounted to $1,222,000 (2014: $1,234,000).

SGD 75 million notes

On 22 May 2013, the Company established a $300,000,000 multicurrency Medium Term Note Programme (the "MTN Programme"). On 6 June 2013, the Company issued $75,000,000 5-year unsecured fixed rate notes due 6 June 2018. The amount of $74,804,000 (2014: $74,679,000) as at the statement of financial position date represented the notes stated at amortised cost. Interest is payable semi-annually in arrears at 4.1% per annum. Total interest expense for the year recognised on the notes amounted to $3,200,000 (2014: $3,195,000).

25. NOTES PAYABLE AND DERIVATIVES (CONT'D)

Derivatives

The SGD 25 million notes carry options for the holder to put the notes at par to the Company at the end of 3 years, or to tender the notes at par in lieu of cash payment for the exercise of the warrants in full at the exercise price at any time before the maturity date. The Company identified that the options feature is a derivative to be measured at fair value at each reporting date. The Company has applied the Binomial Tree Option Pricing Model in computing the derivative's fair value.

As at 30 June 2015, the fair value of the derivative is nil (2014: liability position of $9,000).

26. PROVISION FOR RESTORATION COSTS

	Group	
	2015	**2014**
	$'000	**$'000**
Current	1,097	1,102
Non-current	2,119	2,844
	3,216	3,946
At 1 July	3,946	3,241
Provision during the financial year	378	1,052
Write-back of provision during the financial year	(753)	–
Utilisation during the financial year	(292)	(324)
Currency realignment	(63)	(23)
At 30 June	3,216	3,946

In accordance with a number of lease agreements, provisions are recognised for expected cost required to be incurred to reinstate the leased premises to their original condition upon the expiry of the leases. The provisions are based on recent quotations received from contractors. Management is of the view that the current provisions are adequate to cover the cost of reinstatement.

27. DEFERRED REVENUE

	Group	
	2015	**2014**
	$'000	**$'000**
Customer Loyalty Programmes	2,552	2,473
Membership Fee	689	736
Healthcare Packages	136	228
	3,377	3,437

The Group operates 2 customers loyalty programmes, Eu Rewards Programme and Healthy Life Loyalty Program which allow customers to accumulate points when they purchase products in the Group's retail outlets. The points can be redeemed for goods or vouchers from the Group's retail outlets.

Deferred revenue relating to the customer loyalty programmes represents the revenue allocated to the points issued under the programmes that are expected to be redeemed but are still outstanding as at the end of the reporting period.

Deferred revenue on membership fee and healthcare packages relate to the unutilised portion of the membership and unutilised weight management and massage packages as at the end of the reporting period respectively.

28. LONG TERM LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Long term loans from non-controlling shareholders of subsidiaries are unsecured, interest-free and are not expected to be repaid in the next 12 months.

29. DEFERRED TAX

Deferred tax as at 30 June relates to the following:

	Group				Company	
	Consolidated statement of financial position		Consolidated income statement		Statement of financial position	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	2,190	1,297	1,523	873	–	62
Provisions	(32)	(33)	26	28	–	–
Unutilised tax losses	–	–	–	63	–	–
Revaluations to fair value - land and buildings	7,651	4,308	2,030	–	–	–
Others	14	–	21	–	–	–
	9,823	5,572			–	62
Deferred tax assets:						
Differences in depreciation for tax purposes	(25)	(244)	(73)	82	–	–
Provisions	989	1,095	(57)	(691)	–	–
Unutilised tax losses	169	–	(169)	–	162	–
Unremitted foreign interest income	(60)	–	(2)	–	(60)	–
Revaluations to fair value - land and buildings	(280)	(145)	(11)	–	–	–
Others	65	18	46	113	–	–
	858	724			102	–
Deferred tax expense			3,334	468		

Tax consequences of proposed dividends

There are no income tax consequences (2014: $Nil) attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 10).

29. DEFERRED TAX (CONT'D)

Unrecognised tax losses and unabsorbed capital allowances

As at 30 June 2015, the subsidiaries in the Group have unutilised tax losses and unabsorbed capital allowance amounting to approximately $46,732,000 (2014: $34,036,000), $3,898,000 (2014: $3,957,000) available for setting-off against future taxable profit, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the regulations and agreements by the relevant tax authorities.

30. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 July	445,812	40,639	443,945	39,598
Share issued pursuant to the exercise of share options	1,469	851	1,867	1,041
At 30 June	447,281	41,490	445,812	40,639

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

31. RESERVES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Asset revaluation reserve	30,951	27,872	–	–
Capital reserve	453	453	–	–
Premium paid on acquisition of non-controlling interests	(35)	(35)	–	–
Share options reserve	770	1,258	770	1,258
Warrant reserve	437	437	437	437
Foreign currency translation reserve	(16,374)	(20,116)	–	–
Revenue reserve	102,280	107,130	6,267	15,603
Total reserve	118,482	116,999	7,474	17,298

31. RESERVES (CONT'D)

(a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of freehold, leasehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(b) Capital reserve

Capital reserve arose from acquisition of a subsidiary in previous years.

(c) Premium paid on acquisition of non-controlling interests

Premium paid on acquisition of non-controlling interests arose as a result of the acquisition of the non-controlling interests in a subsidiary in the previous year.

(d) Share options reserve

Share options reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, lapse or exercise of the share options.

(e) Warrant reserve

On 22 November 2011, the Company issued 22,000,000 warrants in conjunction with the issue of $25,000,000 unsecured fixed rate notes (Note 25). The warrants were issued at an issue price of $0.04 per warrant, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.83 per each new share. The warrants are listed on the SGX-ST, and are exercisable at any time from issue until 21 November 2016.

The value ascribed to the warrants less issue expenses is credited as a reserve in equity under warrant reserve and an appropriate amount is transferred to the share capital account as and when the warrants are exercised.

As at 30 June 2015, no warrants were exercised and converted into ordinary shares of the Company. The number of warrants outstanding as at 30 June 2015 is 22,000,000.

(f) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

32. EMPLOYEE BENEFITS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Staff cost (including executive directors)				
- Salaries, bonuses and other costs	66,585	63,929	7,061	6,250
- Defined contribution plans	3,770	3,759	383	441
	70,355	67,688	7,444	6,691

32. EMPLOYEE BENEFITS (CONT'D)

Under the Eu Yan Sang Employees Share Option Scheme ("ESOS") the following options to subscribe for ordinary shares in the Company's share capital, exercisable at any time during the dates indicated below, were outstanding as at 30 June 2015 and 2014:

Date of grant	As at 1.7.2014	Number of options lapsed	Number of options exercised	As at 30.6.2015	Exercise price per share $	Exercisable period
2015						
ESOS 2000						
15.12.2005	2,532,000	–	(588,000)	1,944,000	0.445*	15.12.2006 to 14.12.2015
ESOS 2006						
13.11.2006	1,020,000	–	(210,000)	810,000	0.569*	13.11.2007 to 12.11.2016
13.12.2007	1,068,000	–	(332,000)	736,000	0.481*	13.12.2008 to 12.12.2017
29.12.2008	336,000	–	–	336,000	0.254*	29.12.2009 to 28.12.2018
15.12.2009	869,000	–	(111,000)	758,000	0.376*	15.12.2010 to 14.12.2019
20.12.2010	1,966,000	(457,000)	–	1,509,000	0.855	20.12.2011 to 19.12.2020
20.01.2012	2,287,000	(297,000)	(228,000)	1,762,000	0.668	20.01.2013 to 19.01.2022
	10,078,000	(754,000)	(1,469,000)	7,855,000		

Date of grant	As at 1.7.2013	Number of options lapsed	Number of options exercised	As at 30.6.2014	Exercise price per share $	Exercisable period
2014						
ESOS 2000						
15.12.2005	2,778,000	–	(246,000)	2,532,000	0.445*	15.12.2006 to 14.12.2015
ESOS 2006						
13.11.2006	1,622,000	(216,000)	(386,000)	1,020,000	0.569*	13.11.2007 to 12.11.2016
13.12.2007	1,542,000	(240,000)	(234,000)	1,068,000	0.481*	13.12.2008 to 12.12.2017
29.12.2008	528,000	–	(192,000)	336,000	0.254*	29.12.2009 to 28.12.2018
15.12.2009	1,391,000	(60,000)	(462,000)	869,000	0.376*	15.12.2010 to 14.12.2019
20.12.2010	2,949,000	(983,000)	–	1,966,000	0.855	20.12.2011 to 19.12.2020
20.01.2012	2,886,000	(252,000)	(347,000)	2,287,000	0.668	20.01.2013 to 19.01.2022
	13,696,000	(1,751,000)	(1,867,000)	10,078,000		

The weighted average share price at the date of exercise of the options during the financial year was $0.754 (2014: $0.822). The range of exercise prices for shares outstanding at the end of the year was $0.254 to $0.855 (2014: $0.254 to $0.855). The weighted average remaining contractual life for these options is 3.59 years (2014: 4.57 years).

* Following approval by the Company's shareholders of the Bonus Share Issue on 30 November 2010, the Committee administering the employee share options schemes had adjusted the exercise prices of all the share options outstanding on 30 November 2010 in accordance with Rule 10 of the Rules of the EYS ESOS 2000 and Rule 13 of the Rules of the EYS ESOS 2006 scheme. The exercise prices reflected here are the exercise prices after such adjustment.

32. EMPLOYEE BENEFITS (CONT'D)

Fair value of share options

The fair value of services rendered in return for share options granted are measured by reference to the fair value of share options granted under the ESOS. The estimate of the fair value of the share options granted is measured based on a Binomial Tree Option Pricing model, taking into account the terms and conditions upon which the share options were granted. The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

There were no share options granted during the financial year.

Details of directors and employees who were granted options pursuant to EYS ESOS 2000 and 2006 are set out in the Directors' Report under the caption "Employees Share Option Scheme".

33. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Capital commitments in respect of property, plant and equipment	3,879	25,423
Capital commitments in relation to committed investment in a joint venture	1,701	1,576
	5,580	26,999

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property portfolio as disclosed in Note 16. These non-cancellable leases have remaining lease terms of between 1 and 5 years (2014: 1 and 6 years).

Future minimum lease payment receivable under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Within one year	1,095	1,055
After one year but not more than 5 years	1,721	2,391
More than 5 years	–	110
	2,816	3,556

33. COMMITMENTS (CONT'D)

(c) *Operating lease commitments – as lessee*

The Group leases certain properties under non-cancellable operating lease agreements. Most leases contain renewable options. Some of the leases contain clauses which provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Rental expense of the Group was $50,311,000 (2014: $46,620,000) for the year. Included in rental expense was contingent rental of $4,428,000 (2014: $4,793,000). Future minimum lease rental under non-cancellable leases as of 30 June are as follows.

	Group	
	2015	**2014**
	$'000	**$'000**
Within one year	41,129	39,900
After one year but not more than 5 years	43,250	43,811
More than 5 years	6,302	5,763
	90,681	89,474

34. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, during the financial year, the Group and Company entered into transactions with related parties on terms agreed between the parties, as shown below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income from subsidiaries	–	–	10,475	14,911
Interest income from subsidiaries	–	–	498	456
Management fee from subsidiaries	–	–	11,744	12,780
Rental to a subsidiary	–	–	956	891
Advances and loan to subsidiaries	–	–	12,646	10,503
Donation to Eu Yan Sang Charitable Foundation Company Limited	–	276	–	–

Eu Yan Sang Charitable Foundation Company Limited ("EYSCF"), a registered charitable institution in Hong Kong and a private company limited by guarantee, was founded by two of the directors of the Company, who are also members and directors of EYSCF. During the financial year, the Group did not make any donation to EYSCF (2014: $276,000).

(b) *Compensation of key management personnel*

	Group	
	2015	**2014**
	$'000	**$'000**
Short-term employee benefits	7,406	6,508
Defined contribution plans	340	259
Total compensation paid to key management personnel	7,746	6,767
Comprise amounts paid to:		
• Directors of the Company	1,721	1,711
• Other key management personnel	6,025	5,056
	7,746	6,767

35. CONTINGENT LIABILITIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Contingent liabilities not provided in the financial statements:				
(i) Corporate guarantees given to bankers for credit facilities granted to subsidiaries	–	–	11,123	7,536

The Company acts as a corporate guarantor for credit facilities granted to subsidiaries, for a total facility amount of $32,602,000 (2014: $35,607,000) of which $11,123,000 (2014: $7,536,000) has been utilised as at the end of the reporting period.

(ii) The Company has provided letters of financial support to certain subsidiaries by committing to provide adequate funds to the subsidiaries to enable their continuing operations.

36. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2015 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Non-financial assets:				
Property, plant and equipment				
Freehold land and buildings	–	–	6,642	6,642
Leasehold land and buildings	–	–	123,919	123,919
Total property, plant and equipment	–	–	130,561	130,561
Investment properties				
Commercial	–	–	46,276	46,276
Total investment properties	–	–	46,276	46,276
Non-financial assets as at 30 June 2015	–	–	176,837	176,837
Liabilities measured at fair value				
Derivatives				
Options for conversion of SGD25 million notes, unquoted	–	–	–	–
Financial liabilities as at 30 June 2015	–	–	–	–

36. **FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

(b) ***Assets and liabilities measured at fair value (cont'd)***

	Group 2014 $'000 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Non-financial assets:				
Property, plant and equipment				
Freehold land and buildings	–	–	6,956	6,956
Leasehold land and buildings	–	–	66,184	66,184
Total property, plant and equipment	–	–	73,140	73,140
Investment properties				
Commercial	–	–	62,385	62,385
Total investment properties	–	–	62,385	62,385
Non-financial assets as at 30 June 2014	–	–	135,525	135,525
Liabilities measured at fair value				
Derivatives				
Options for conversion of SGD25 million notes, unquoted	–	–	(9)	(9)
Financial liabilities as at 30 June 2014	–	–	(9)	(9)

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 30 June 2015 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment				
Leasehold land and buildings				
- Singapore	42,795	Market comparable approach	Adjustments to market value *	5% to 49%
- Hong Kong (Commercial properties)	57,822	Market comparable approach	Adjustments to market value *	3% to 33%
- Hong Kong (Industrial properties)#	20,171	Market comparable approach	Adjustments to market value *	12% to 43%
- Malaysia	3,131	Market comparable approach	Adjustments to market value *	2% to 34%
Freehold land and buildings				
- Malaysia	6,642	Market comparable approach	Adjustments to market value *	2% to 39%
Investment properties				
Commercial				
- Singapore	29,705	Market comparable approach	Adjustments to market value *	20%
- Hong Kong	16,089	Market comparable approach	Adjustments to market value *	20% to 61%
- Malaysia	482	Market comparable approach	Adjustments to market value *	10% to 37%
Derivatives				
Options for conversion of SGD25 million notes, unquoted	–	Binomial Tree Option Pricing Model	Credit spread	–

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 30 June 2014 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment				
Leasehold land and buildings				
- Singapore	41,615	Market comparable approach	Adjustments to market value *	42% to 44%
- Hong Kong (Commercial properties)	2,346	Market comparable approach	Adjustments to market value *	64%
- Hong Kong (Industrial properties)#	19,000	Market comparable approach	Adjustments to market value *	12% to 43%
- Malaysia	3,223	Market comparable approach	Adjustments to market value *	5% to 34%
Freehold land and buildings				
- Malaysia	6,956	Market comparable approach	Adjustments to market value *	10% to 70%
Investment properties				
Commercial				
- Singapore	28,385	Market comparable approach	Adjustments to market value *	18% to 20%
- Hong Kong	33,488	Market comparable approach	Adjustments to market value *	17% to 51%
- Malaysia	512	Market comparable approach	Adjustments to market value *	5% to 20%
Derivatives				
Options for conversion of SGD25 million notes, unquoted	(9)	Binomial Tree Option Pricing Model	Credit spread	2.45%

* The market value adjustments are made to open market transaction values for differences in the nature, location or condition of the specific property owned by the Group.
\# Properties under the land leases with the Hong Kong Science and Technology Park Corporation ("HKSTP").

The property, plant and equipment, investment properties and derivatives categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of the unobservable input would result in a significant change to the fair value of the respective asset/liability.

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (cont'd)

(ii) Effect of reasonably possible alternative assumptions – Hong Kong (Industrial properties)

The Group has two properties in Hong Kong, which are leased from Hong Kong Science and Technology Park Corporation ("HKSTP"). Under the lease agreements, should the Group choose to dispose any of the properties, the Group will have to offer the properties to HKSTP at "Surrender Value" computed in accordance with the lease agreements. The Group can sell the properties in the open market if the offer is rejected by HKSTP and HKSTP approves the sale to a buyer in the open market. HKSTP previously allowed open market transactions. However, in June 2014, HKSTP issued a notice informing all lessees that it would not approve application for sale in the open market (except for the surrender of properties back to HKSTP), until further notice as HKSTP is in the process of reviewing the effectiveness and long-term development of HKSTP. In view that there is no certainty that open market transactions will be disallowed, the Group has continued to maintain the valuation of the properties using the market comparable basis. The following table shows the impact on the Level 3 fair value measurement of the two properties if the surrender values are to be considered as the fair values of the properties as at 30 June 2015 and 30 June 2014.

30 June 2015			**Impact to**	
	Carrying amount $'000	**Surrender value $'000**	**Profit or loss $'000**	**Other comprehensive income $'000**
Leasehold land and buildings - Hong Kong (Industrial properties)	20,171	12,179	(3,182)	(4,810)

30 June 2014			**Impact to**	
	Carrying amount $'000	**Surrender value $'000**	**Profit or loss $'000**	**Other comprehensive income $'000**
Leasehold land and buildings - Hong Kong (Industrial properties)	19,000	13,476	(1,121)	(4,403)

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (cont'd)

(iii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group Fair value measurements using significant unobservable inputs (Level 3)				
	Property, plant and equipment		Investment properties	Derivatives	Total
	Freehold land and buildings $'000	Leasehold land and buildings $'000	Commercial $'000	$'000	$'000
2015					
At 1 July	6,956	66,184	62,385	(9)	135,516
Fair value gain recognised in income statement	–	–	6,409	9	6,418
Fair value gain recognised in other comprehensive income	318	3,383	–	–	3,701
Additions	–	14,256	15,097	–	29,353
Transfer from investment property to property, plant and equipment	–	41,019	(41,019)	–	–
Depreciation charge	(42)	(2,214)	–	–	(2,256)
Currency realignment	(590)	1,291	3,404	–	4,105
At 30 June	6,642	123,919	46,276	–	176,837
2014					
At 1 July	6,992	62,638	67,790	(71)	137,349
Fair value gain recognised in income statement	–	–	2,376	62	2,438
Fair value gain recognised in other comprehensive income	179	2,650	–	–	2,829
Additions	–	917	1,288	–	2,205
Transfer from property, plant and equipment to investment property	–	(17,344)	17,344	–	–
Transfer from investment property to property, plant and equipment	–	26,000	(26,000)	–	–
Reclassifications	–	(6,675)	–	–	(6,675)
Depreciation charge	(44)	(1,554)	–	–	(1,598)
Currency realignment	(171)	(448)	(413)	–	(1,032)
At 30 June	6,956	66,184	62,385	(9)	135,516

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (cont'd)

(iv) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from year to year are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables (current), amounts due from subsidiaries (current), trade and other payables and interest bearing loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

The carrying amounts of other receivables (non-current), notes payable and hire purchase creditors approximate their fair values as the implicit interest rates approximates the market interest rates prevailing at the financial year end. These fair values, under level 2 of the fair value hierarchy, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying value of the amounts due from subsidiaries (non-current) and long term loans from non-controlling shareholders of subsidiaries are stated at cost as the timing of the future cash flows arising from these amounts cannot be estimated reliably as there are no fixed terms of repayment.

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) *Traditional Chinese Medicine ("TCM")*

TCM relates to manufacturing, processing, distribution and sale of Traditional Chinese Medicine.

(ii) *Non-Traditional Chinese Medicine ("non-TCM")*

Non-TCM relates to the sale and distribution of health, food and beauty products.

(iii) *Clinics*

Clinics relates to the provision of Traditional Chinese Medical consultation, treatment and integrative medical services.

(iv) *Others*

Others segment include the provision of management services by the holding company, provision of rental of premises, and sale of food and beverages by the subsidiaries.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

37. SEGMENT INFORMATION (CONT'D)

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	TCM $'000	Non-TCM $'000	Clinics $'000	Others $'000	Eliminations $'000	Note	Total $'000
2015							
Revenue:							
Sales to external customers	280,089	48,617	16,905	4,797	–		350,408
Inter-segment sales	288	3,823	–	25,198	(29,309)	A	–
Total revenue	280,377	52,440	16,905	29,995	(29,309)		350,408
Results:							
Segment result	34,018	(5,419)	979	(11,318)	–		18,260
Interest income	65	9	2	12	–		88
Interest expense	(580)	–	–	(5,401)	–		(5,981)
Profit/(loss) before taxation	33,503	(5,410)	981	(16,707)	–		12,367
Tax expense	(7,492)	(148)	(104)	(59)	–		(7,803)
Profit/(loss) for the financial year, net of tax	26,011	(5,558)	877	(16,766)	–		4,564
Assets and liabilities:							
Segment assets	203,718	24,964	6,738	157,002*	–		392,422
Segment liabilities	61,947	8,287	3,416	158,617	–		232,267
Other segment information:							
Additions to:							
- property, plant and equipment	30,909	2,633	711	16,947	–		51,200
- intangible assets	236	221	–	160	–		617
- investment properties	–	–	–	15,097	–		15,097
Depreciation of property, plant and equipment	6,976	1,457	612	2,743	–		11,788
Amortisation of intangible assets	440	346	–	541	–		1,327
Impairment loss on financial assets	–	–	84	–	–		84
Fair value loss on property, plant and equipment	3	–	–	24	–		27
Fair value loss/(gain) on investment properties	152	–	(15)	(6,546)	–		(6,409)
Fair value gain on financial instruments	(104)	–	–	–	–		(104)
Other non-cash expenses	1,020	643	1	115	–	B	1,779

* Comprises mainly the carrying amount of the Group's investment properties and leasehold land and building of $142,196,000 and the Company's cash and bank balances of $3,482,000 as at 30 June 2015.

37. SEGMENT INFORMATION (CONT'D)

	TCM $'000	Non-TCM $'000	Clinics $'000	Others $'000	Eliminations $'000	Note	Total $'000
2014							
Revenue:							
Sales to external customers	304,637	40,745	16,938	3,947	–		366,267
Inter-segment sales	713	3,393	–	28,716	(32,822)	A	–
Total revenue	305,350	44,138	16,938	32,663	(32,822)		366,267
Results:							
Segment result	48,115	(8,154)	1,523	(13,578)	–		27,906
Interest income	53	24	–	164	–		241
Interest expense	(267)	–	–	(5,143)	–		(5,410)
Profit/(loss) before taxation	47,901	(8,130)	1,523	(18,557)	–		22,737
Tax expense	(6,478)	(131)	(114)	(871)	–		(7,594)
Profit/(loss) for the financial year, net of tax	41,423	(8,261)	1,409	(19,428)	–		15,143
Assets and liabilities:							
Segment assets	187,631	22,080	7,124	132,839*	–		349,674
Segment liabilities	46,312	6,139	3,382	136,034	–		191,867
Other segment information:							
Additions to:							
- property, plant and equipment	10,509	2,498	382	4,527	–		17,916
- intangible assets	417	192	–	1,075	–		1,684
- investment properties	1,288	–	–	–	–		1,288
Depreciation of property, plant and equipment	6,243	1,128	495	1,891	–		9,757
Amortisation of intangible assets	415	336	–	256	–		1,007
Fair value loss on property, plant and equipment	4	–	–	–	–		4
Fair value gain on investment properties	–	–	–	(2,376)	–		(2,376)
Fair value loss on financial instruments	471	–	–	–	–		471
Other non-cash expenses	876	1,296	32	50	–	B	2,254

* Comprises mainly the carrying amount of the Group's investment properties and leasehold land and building of $102,361,000 and the Company's cash and bank balances of $12,116,000 as at 30 June 2014.

Note: A Relates to inter-segment transactions eliminated on consolidation.
B Other non-cash expenses consist of property, plant and equipment written off, inventories written-down, inventories written off, bad debts written off and allowance for doubtful trade receivables.

37. SEGMENT INFORMATION (CONT'D)

Geographical information

The following table presents revenue, capital expenditure and certain asset information regarding the Group's geographical segments for the years ended 30 June 2015 and 2014:

	Singapore $'000	Malaysia $'000	Hong Kong * $'000	Australia $'000	Eliminations $'000	Total $'000
2015						
Revenue:						
Sales to external customers	77,850	86,555	137,072	48,931	–	350,408
Inter-segment sales	17,492	6,732	157	–	(24,381)	–
Segment revenue	95,342	93,287	137,229	48,931	(24,381)	350,408
Other segment information:						
Segment assets	109,653	57,574	201,699	23,496	–	392,422
Segment liabilities	166,735	19,065	38,309	8,158	–	232,267
Other segment information:						
Additions to:						
- property, plant and equipment	4,117	4,615	39,842	2,626	–	51,200
- intangible assets	204	90	102	221	–	617
- investment properties	–	–	15,097	–	–	15,097

	Singapore $'000	Malaysia $'000	Hong Kong * $'000	Australia $'000	Eliminations $'000	Total $'000
2014						
Revenue:						
Sales to external customers	75,131	89,690	160,449	40,997	–	366,267
Inter-segment sales	21,330	6,114	1,374	–	(28,818)	–
Segment revenue	96,461	95,804	161,823	40,997	(28,818)	366,267
Other segment information:						
Segment assets	116,360	55,130	157,252	20,932	–	349,674
Segment liabilities	144,654	16,491	24,979	5,743	–	191,867
Other segment information:						
Additions to:						
- property, plant and equipment	4,991	2,391	8,037	2,497	–	17,916
- intangible assets	1,094	196	202	192	–	1,684
- investment properties	–	–	1,288	–	–	1,288

* Includes Macau and China

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk and credit risk. Financial risk management policies are periodically reviewed and approved by the Board of Directors. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings and interest-bearing amounts due from subsidiaries. Surplus funds are placed with reputable banks.

The Group's and the Company's interest-bearing loans and borrowings are contractually re-priced at intervals of 1 to 6 months (2014: 1 to 6 months) from the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (cont'd)

The following tables set out the carrying amount, by maturity, of the Group's loans and borrowings at floating rate and the Company's financial instruments that are exposed to the risk of changes in future cash flows:

	Within 1 year $'000	2 - 5 years $'000	More than 5 years $'000	Total $'000
2015				
Group				
Floating rate				
Interest bearing loans and borrowings	9,066	713	221	10,000
2015				
Company				
Floating rate				
Interest bearing loans and borrowings	700	–	–	700
Amounts due from subsidiaries	–	–	25,018	25,018

	Within 1 year $'000	2 - 5 years $'000	More than 5 years $'000	Total $'000
2014				
Group				
Floating rate				
Interest bearing loans and borrowings	4,706	1,495	437	6,638
2014				
Company				
Floating rate				
Interest bearing loans and borrowings	1,400	700	–	2,100
Amounts due from subsidiaries	–	–	25,018	25,018

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 (2014: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been $50,000 (2014: $33,000) lower/higher arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's cash and short term deposits, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirement and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Note	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Group					
2015					
Financial assets					
Trade and other receivables	19	15,107	8,183	–	23,290
Cash and cash equivalents	21	25,068	–	–	25,068
Total undiscounted financial assets		40,175	8,183	–	48,358
Financial liabilities					
Trade and other payables	22	36,504	–	–	36,504
Provision for long service payments		85	216	–	301
Interest bearing loans and borrowings		73,776	826	228	74,830
Notes payable		4,140	105,282	–	109,422
Hire purchase creditors	24	155	196	–	351
Long term loans from non-controlling shareholders of subsidiaries	28	–	–	151	151
Amounts due to a joint venture		493	–	–	493
Total undiscounted financial liabilities		115,153	106,520	379	222,052
Total net undiscounted financial liabilities		(74,978)	(98,337)	(379)	(173,694)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

	Note	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Group					
2014					
Financial assets					
Trade and other receivables	19	17,221	10,017	–	27,238
Cash and cash equivalents	21	45,118	–	–	45,118
Total undiscounted financial assets		62,339	10,017	–	72,356
Financial liabilities					
Trade and other payables	22	38,327	–	–	38,327
Provision for long service payments		46	264	–	310
Interest bearing loans and borrowings		30,659	1,661	461	32,781
Notes payable		28,155	84,225	–	112,380
Derivatives	25	9	–	–	9
Hire purchase creditors	24	153	260	10	423
Long term loans from non-controlling shareholders of subsidiaries	28	–	–	143	143
Amounts due to a joint venture		108	–	–	108
Total undiscounted financial liabilities		97,457	86,410	614	184,481
Total net undiscounted financial liabilities		(35,118)	(76,393)	(614)	(112,125)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

	Note	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Company					
2015					
Financial assets					
Other receivables	19	117	–	–	117
Amounts due from subsidiaries	20	59,871	–	57,342	117,213
Cash and cash equivalents	21	3,482	–	–	3,482
Total undiscounted financial assets		63,470	–	57,342	120,812
Financial liabilities					
Other payables	22	2,087	–	–	2,087
Interest bearing loans and borrowings		50,659	–	–	50,659
Hire purchase creditors	24	87	134	–	221
Notes payable		4,140	105,282	–	109,422
Total undiscounted financial liabilities		56,973	105,416	–	162,389
Total net undiscounted financial assets/ (liabilities)		6,497	(105,416)	57,342	(41,577)
2014					
Financial assets					
Other receivables	19	72	–	–	72
Amounts due from subsidiaries	20	47,859	–	45,307	93,166
Cash and cash equivalents	21	12,116	–	–	12,116
Total undiscounted financial assets		60,047	–	45,307	105,354
Financial liabilities					
Other payables	22	2,218	–	–	2,218
Interest bearing loans and borrowings		27,269	704	–	27,973
Hire purchase creditors	24	87	220	–	307
Notes payable		28,155	84,225	–	112,380
Derivatives	25	9	–	–	9
Total undiscounted financial liabilities		57,738	85,149	–	142,887
Total net undiscounted financial assets/ (liabilities)		2,309	(85,149)	45,307	(37,533)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Company				
2015				
Financial guarantees	11,123	–	–	11,123
2014				
Financial guarantees	7,536	–	–	7,536

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group will perform more stringent credit verification procedures before offering credit terms to the overseas customers.

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. As the Group transacts with a diversity of counterparties in different countries, the Group does not have any significant exposure to any individual customer.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the statements of financial position.

In addition, the Company has exposures to credit risk arising from the following:

– the Company acts as corporate guarantor for credit facilities granted to subsidiaries, for a total facility amount of $32,602,000 (2014: $35,607,000) of which $11,123,000 (2014: $7,536,000) has been utilised as at the end of the reporting period.

As at 30 June 2015, there was no significant concentration of credit risk.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital, being equity attributable to the owners of the Company. Net debt is calculated as interest bearing loans and borrowings, notes payable, hire purchase creditors and long term loan from non-controlling shareholders of subsidiaries less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

		Group	
		2015	**2014**
	Note	**$'000**	**$'000**
Notes payable	25	98,287	99,244
Interest bearing loans and borrowings	23	74,332	32,438
Hire purchase creditors	24	322	386
Long term loan from non-controlling shareholders of subsidiaries	28	151	143
		173,092	132,211
Less: Cash and cash equivalents	21	(25,068)	(45,118)
Net debt		148,024	87,093
Equity attributable to the owners of the Company		159,972	157,638
Gearing ratio		92.5%	55.2%

The Group and the Company are in compliance with all externally imposed capital requirements for the years ended 30 June 2015 and 30 June 2014.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of Eu Yan Sang International Ltd and its subsidiaries for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 10 September 2015.

STATISTICS OF SHAREHOLDINGS

AS AT 14 SEPTEMBER 2015

Class of equity securities	Number of equity securities	Voting Rights
Ordinary shares	447,281,217	One vote for each share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	19	0.50	296	0.00
100 - 1,000	321	8.47	166,775	0.04
1,001 - 10,000	2,565	67.71	8,066,116	1.80
10,001 - 1,000,000	851	22.47	53,675,381	12.00
1,000,001 AND ABOVE	32	0.85	385,372,649	86.16
	3,788	100.00	447,281,217	100.00

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Euco Investments Pte Ltd ("Euco")	9,591,720	2.14	53,395,400(1)	11.94
Aberdeen Asset Management Asia Limited ("AAMAL")	–	–	48,856,100(2)	10.92
Aberdeen Asset Management PLC ("AAM")	–	–	48,856,100(3)	10.92
Bestand Development Corporation ("Bestand")	–	–	31,516,242(4)	7.05
HSBC Trustee (Hong Kong) Limited	–	–	31,516,242(5)	7.05
HSBS International Trustee Limited	–	–	31,516,242(5)	7.05
HSBC Private Banking Holdings (Suisse) SA	–	–	31,516,242(5)	7.05
HSBC Finance (Netherlands)	–	–	31,516,242(5)	7.05
HSBC Holdings PLC	–	–	31,516,242(5)	7.05
Clifford Eu Yee Fong	498,891	0.11	84,187,120(6)	18.82
Lawrence Eu Yee Lye	1,760,000	0.39	65,987,120(7)	14.75
Richard Eu Yee Ming	450,000	0.10	65,154,171(8)	14.57
Billy Ma Wah Yan	–	–	34,327,014(9)	7.67
Robert James Eu Yee Sang	2,045,000	0.46	31,516,242(10)	7.05

Notes:

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

	No. of Shares
UOB Nominees (2006) Pte Ltd	11,325,000
CIMB Nominees (S) Pte Ltd	17,100,000
Oversea-Chinese Bank Nominees Pte Ltd	8,570,400
Singapura Finance Ltd	8,400,000
Raffles Nominee Pte Ltd	8,000,000

(2) AAMAL acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities. It is therefore deemed to be interested in the said securities.

(3) AAM is the parent company of AAMAL.

(4) Bestand's deemed interests relate to the Shares held in trust by its nominee, HL Bank Nominees (S) Pte Ltd.

(5) HSBC Trustee (Hong Kong) Limited is wholly owned by HSBC International Trustee Limited, which is, in turn wholly owned by HSBC Private banking Holdings (Suisse) SA, which is, in turn wholly owned by HSBC Finance (Netherlands), which is, in turn wholly owned by HSBC Holdings PLC. HSBC Holdings PLC is therefore deemed to be interested in the Shares held by HSBC Trustee (Hong Kong) Limited. HSBC Trustee (Hong Kong) Limited has an indirect interest in the Shares which are held through Bestand.

(6) Clifford Eu Yee Fong is deemed to be interested in all the 11,400,000 Shares held in trust by his nominees, 62,987,120 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 nominees) and 3,050,000 Shares owned by his wife.

(7) Lawrence Eu Yee Lye is deemed to be interested in all the Shares held by Euco (by itself and in trust by its nominees) and 3,000,000 Shares held by Cristo Point Holdings Ltd.

(8) The deemed interests of Richard Eu Yee Ming relates to the Shares held in trust by his nominees. He is also deemed to be interested in 15,770,000 Shares owned by his wife (held in trust by her nominees).

(9) Billy Ma Wah Yan is deemed to be interested in all the Shares held by Bestand and 2,810,772 Shares held by UOB Kay Hian Private Limited.

(10) Robert James Eu Yee Sang is deemed to be interested in all the Shares held by Bestand.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	HL BANK NOMINEES (SINGAPORE) PTE LTD	74,559,613	16.67
2.	RAFFLES NOMINEES (PTE) LIMITED	46,108,050	10.31
3.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	41,247,000	9.22
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	29,400,064	6.57
5.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	18,436,200	4.12
6.	MERRILL LYNCH (SINGAPORE) PTE LTD	16,000,192	3.58
7.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	15,430,000	3.45
8.	HONG LEONG FINANCE NOMINEES PTE LTD	12,480,000	2.79
9.	EU YEE TAT DAVID	12,390,367	2.77
10.	UOB NOMINEES (2006) PRIVATE LIMITED	11,325,000	2.53
11.	DBS NOMINEES (PRIVATE) LIMITED	11,198,500	2.50
12.	DBSN SERVICES PTE. LTD.	10,287,890	2.30
13.	EUCO INVESTMENTS PTE LTD	9,591,720	2.14
14.	OVERSEA-CHINESE BANK NOMINEES PRIVATE LIMITED	8,570,400	1.92
15.	SBS NOMINEES PRIVATE LIMITED	8,400,000	1.88
16.	MARY TRIXIE EU NEE MARY LEE POH SWEE	7,200,918	1.61
17.	DB NOMINEES (SINGAPORE) PTE LTD	6,755,000	1.51
18.	EU YEE KWONG GEOFFREY	5,986,400	1.34
19.	HSBC (SINGAPORE) NOMINEES PTE LTD	5,838,700	1.31
20.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,897,400	0.87
	TOTAL	**355,103,414**	**79.39**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately, 31.89% of the Shares are held in the hands of the Public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

STATISTICS OF WARRANT HOLDINGS

AS AT 14 SEPTEMBER 2015

EU YAN SANG INTL W161128

No. of Warrants Outstanding: 22,000,000

Each Warrant entitles the holder to subscribe for one (1) ordinary share at an exercise price of S$0.83 each.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	Number of Warrant Holders	%	Number of Warrants	%
1 - 99	0	0.00	0	0.00
100 - 1,000	1	2.04	1,000	0.00
1,001 - 10,000	40	81.63	206,000	0.94
10,001 - 1,000,000	5	10.21	569,000	2.59
1,000,001 and above	3	6.12	21,224,000	96.47
	49	100.00	22,000,000	100.00

TWENTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	Number of Warrants	%
1.	HL BANK NOMINEES (SINGAPORE) PTE LTD	18,210,000	82.77
2.	EU YEE MING RICHARD	2,000,000	9.09
3.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,014,000	4.61
4.	WONG MAN ON	434,000	1.97
5.	OCBC SECURITIES PRIVATE LTD	60,000	0.27
6.	LEE KHAI CHIAN	35,000	0.16
7.	SIOW TEE PENG	20,000	0.09
8.	UOB KAY HIAN PRIVATE LIMITED	20,000	0.09
9.	CHEOK YEE WEI	10,000	0.05
10.	TAN AH PEE	6,000	0.03
11.	ABN AMRO NOMINEES SINGAPORE PTE LTD	5,000	0.02
12.	BANK OF SINGAPORE NOMS PTE LTD	5,000	0.02
13.	CHAN CHUN WAH ANDREW	5,000	0.02
14.	CHAN KUM EE	5,000	0.02
15.	CHAN KWOK HOONG ANDREW	5,000	0.02
16.	CHENG FU ZAY	5,000	0.02
17.	CHIN KEE CHOY	5,000	0.02
18.	CHUA KERN	5,000	0.02
19.	DESAI PRAFUL JAYANTILAL	5,000	0.02
20.	GOH KWEE BIN	5,000	0.02
	TOTAL	**21,859,000**	**99.33**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Eu Yan Sang International Ltd ("the Company") will be held at the Eu Yan Sang Centre, Qi Room, 21 Tai Seng Drive, Singapore 535223 on Wednesday, 28 October 2015 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.5 cent per ordinary share (one-tier tax exempt) for the year ended 30 June 2015 [2014: a first and final dividend of 2.2 cents per ordinary share]. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:

   Mr Daniel Soh Chung Hian (Article 109) **(Resolution 3)**
   Mr Robert James Eu Yee Sang (Article 109) **(Resolution 4)**

   Mr Daniel Soh Chung Hian will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, a member of the Nominating Committee, the Compensation Committee and the Strategic Direction Committee and will be considered independent.

   Mr Robert James Eu Yee Sang will, upon re-election as a Director of the Company, remain as a member of the Strategic Direction Committee and will be considered non-independent.

4. To approve the payment of Directors' fees of S$168,000 for the year ending 30 June 2016, to be paid quarterly in arrears (2015: S$168,000). **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

7. **Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

   That pursuant to Article 3 of the Company's Articles of Association, Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by theSGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note 1] **(Resolution 7)**

8. **Proposed Renewal of the Share Purchase Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") through the ready market, or on another stock exchange on which the Shares may for the time being be listed, through one or more duly licensed dealers appointed by the Company for that purpose; and/or

(ii) off-market purchases (each an "Off-Market Purchase") under an equal access scheme (in accordance with Section 76C of the Companies Act) for the purchase or acquisition of Shares from Shareholders,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless revoked or varied by Shareholders in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the Share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.

(c) in this Resolution:

"Prescribed Limit" means ten per centum (10%) of the issued Shares of the Company as at the date of passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased, means the purchase price per Share (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate, as determined by the Directors, but not exceeding:-

(i) in the case of a Market Purchase : 105% of the Average Closing Price of the Shares

(ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price of the Shares

where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note 2] **(Resolution 8)**

By Order of the Board

Clifford Eu Yee Fong
Tang Yock Miin
Company Secretaries

Singapore, 12 October 2015

Explanatory Note:

1. The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

   For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to purchase or acquire shares of the Company by way of market purchases or off-market purchases of up to 10% of the issued shares of the Company as at the date of this Meeting. Detailed information on the renewal of the share purchase mandate is set out in the Appendix to the Annual Report.

Notes:

1. Each of the resolutions to be put to the vote of members at the Annual General Meeting (and at any adjournment thereof) will be voted on by way of a poll.

2. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Tai Seng Drive, Singapore 535223 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Eu Yan Sang International Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____________________

of ____________________

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

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 28 October 2015 at 3:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
1	Directors' Report and Audited Accounts for the year ended 30 June 2015		
2	Payment of proposed first & final dividend of 0.5 cent per ordinary share		
3	Re-election of Mr Daniel Soh Chung Hian as a Director		
4	Re-election of Mr Robert James Eu Yee Sang as a Director		
5	Approval of Directors' fees amounting to S$168,000 for the year ending 30 June 2016		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration		
7	Authority to allot and issue new shares		
8	Proposed renewal of the Share Purchase Mandate		

* If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________ 2015

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

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 21 Tai Seng Drive, Singapore 535223 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2015.

General:

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

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APPENDIX DATED 12 OCTOBER 2015

This Appendix is circulated to the shareholders (the "**Shareholders**") of Eu Yan Sang International Ltd (the "**Company**") together with the Company's Annual Report (as defined herein). The purpose of this Appendix is to explain to the Shareholders the rationale and to provide information pertaining to the proposed renewal of the Share Purchase Mandate (as defined herein), and to seek Shareholders' approval of the same at the Annual General Meeting to be held at the **Eu Yan Sang Centre, Qi Room, 21 Tai Seng Drive, Singapore 535223 on Wednesday, 28 October 2015 at 3.00 p.m.**

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions made in this Appendix.

EU YAN SANG INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199302179H)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"ACRA"	The Accounting & Corporate Regulatory Authority of Singapore
"AGM"	The Annual General Meeting of the Company
"Annual Report"	Annual Report of the Company
"CDP"	The Central Depository (Pte) Limited
"Company"	Eu Yan Sang International Ltd
"Companies Act"	The Companies Act, Chapter 50 of Singapore, as modified from time to time
"Director"	A director of the Company for the time being
"Group"	The Company and its subsidiaries (as defined in Section 5 of the Companies Act)
"Latest Practicable Date"	The latest practicable date prior to the printing of this Appendix being 14 September 2015
"Listing Manual"	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
"Market Purchase"	Has the meaning ascribed to it in Paragraph 2.4.3
"Off-Market Purchase"	Has the meaning ascribed to it in Paragraph 2.4.3
"Proxy Form"	The proxy form in respect of the AGM as enclosed together with the Annual Report
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Share Purchase Mandate"	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual
"Shares"	Ordinary shares in the capital of the Company
"SIC"	Securities Industry Council
"Takeover Code"	The Singapore Code on Take-overs and Mergers
"S$" and "cents"	Singapore dollars and cents, respectively
"%" or "per cent."	Percentage or per centum

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

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

Words importing persons include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Appendix shall have the meaning assigned to it under the Companies Act.

Any reference in this Appendix to a time of day shall be a reference to Singapore time, unless otherwise stated.

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

Directors:
Robert James Eu Yee Sang (Chairman)
Richard Eu Yee Ming (Group Chief Executive Officer)
Clifford Eu Yee Fong (Group Managing Director, International)
Matthew J. Estes (Independent Director)
Ng Shin Ein (Independent Director)
Daniel Soh Chung Hian (Independent Director)

Registered Office:
21 Tai Seng Drive
Singapore 535223

12 October 2015

To: The Shareholders of Eu Yan Sang International Ltd

Dear Shareholders,

1. **INTRODUCTION**

1.1. The Directors of the Company propose to table the renewal of the Share Purchase Mandate at the forthcoming AGM of the Company to be held at the Eu Yan Sang Centre, Qi Room, 21 Tai Seng Drive, Singapore 535223 on Wednesday, 28 October 2015 at 3.00 p.m.

1.2. The purpose of this Appendix, to be circulated to Shareholders together with the Company's Annual Report, is to provide Shareholders with relevant information pertaining to the proposed renewal of the Share Purchase Mandate to be tabled at the AGM.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE OF THE COMPANY

2.1. Background and Shareholders' Approval

At the AGM of the Company held on 29 October 2014, Shareholders had approved a general and unconditional Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. The Share Purchase Mandate will expire on the date of the forthcoming AGM to be held on 28 October 2015 and accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.

2.2. Rationale

The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or net tangible asset per Share.

Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net asset value per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (each as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3. Shares Purchased by the Company in the Previous 12 Months

No purchases or acquisitions of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

2.4. Authority and Limits on the Share Purchase Mandate

The authority and limits under the Share Purchase Mandate are summarised below:

2.4.1. Maximum Number of Shares

Only Shares which are issued and fully paid up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Purchase Mandate shall not exceed 10% of the issued Shares of the Company as at the date of the forthcoming AGM at which the Share Purchase Mandate is approved (the "**Approval Date**"). Any of the Company's Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

As at the Latest Practicable Date, the issued ordinary share capital of the Company (excluding Shares which are held as treasury shares by the Company) comprised 447,281,217 Shares. As at the Latest Practicable Date, the Company is not holding any Shares as treasury shares. For illustration purposes only, on the basis of 447,281,217 Shares in issue (i.e. that all the Shares held as treasury shares by the Company are cancelled), not more than 44,728,121 (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

2.4.2. Duration of Authority

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the Share purchases are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

whichever is the earliest.

The Share Purchase Mandate may be renewed at each AGM or other general meeting of the Company.

2.4.3. Manner of Share Purchase

(a) Share purchases or acquisitions may be made by way of:

(i) a market purchase transacted on the SGX-ST through the ready market, or on another stock exchange on which the Shares may for the time being be listed, through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchase**"); and/or

(ii) an off-market purchase under an equal access scheme (in accordance with Section 76C of the Companies Act) for the purchase or acquisition of Shares from Shareholders ("**Off-Market Purchase**").

(b) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, under the Companies Act, an equal access scheme must satisfy all of the following conditions:

(i) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons must have a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers must be the same except that there shall be disregarded:

(A) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

(B) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

(C) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

(c) If the Company wishes to make an Off-Market Purchase, the Company must issue an offer document to all Shareholders which shall contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share purchase;

(iv) the consequences, if any, of the Share purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;

(v) whether the Share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST;

(vi) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.4.4. Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4.5. Status of Purchased Shares

Under the Companies Act, a company which acquires its own shares may choose to hold such shares as treasury shares or to cancel them. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

2.4.6. Cancellation of Shares

Where Shares purchased or acquired by the Company are cancelled, the total number of Shares will be diminished by such number of Shares purchased or acquired.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

2.4.7. Treasury Shares

As explained in Paragraph 2.4.5 above, under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of the treasury shares, i.e. the Company will have no right to vote at or attend meetings and the treasury shares will be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after the usage and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.4.8. Reporting Requirements

(a) Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA.

(b) The Company shall notify the ACRA within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

(c) The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the date of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.

(d) For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in Paragraph 2.4.3(c) above.

2.4.9. Sources of funds

In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with its Articles of Association and any other applicable laws in Singapore. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent (as defined in section 76F(4) of the Companies Act) and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment made by the company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.5. Financial Impact

2.5.1. Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits.

2.5.2. Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares of the Company) paid by the Company for the Shares cancelled will be made to:

(a) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(b) the profits of the Company where the Shares were purchased out of the profits of the Company; or

(c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares of the Company) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

2.5.3. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend, *inter alia*, on the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

2.5.4. The impact of purchases or acquisitions under the Share Purchase Mandate on net tangible assets, earnings per Share and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to accurately calculate or quantify the impact at this point of time.

2.5.5. Based on the existing number of Shares of the Company as at the Latest Practicable Date, the proposed Share purchases or acquisitions by the Company of up to a maximum of 10% of its Shares under the Share Purchase Mandate will result in the purchase of up to 44,728,121 Shares.

2.5.6. In the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 44,728,121 Shares at the Maximum Price of S$0.42 per Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the last five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 44,728,121 Shares (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares of the Company) is approximately S$18.8 million.

2.5.7. In the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 44,728,121 Shares at the Maximum Price of S$0.48 per Share (being the price equivalent to 20% above the average of the closing market prices of the Shares over the last five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 44,728,121 Shares (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares of the Company) is approximately S$21.5 million.

2.5.8. On the basis of the assumptions set out above and the following:

(a) the Share Purchase Mandate had been effective on 30 June 2015 and 44,728,121 (representing 10% of the Shares in issue as at the Latest Practicable Date) were purchased and held as treasury shares on 30 June 2015; and

(b) such Share purchase was financed solely by long-term borrowings,

an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate on the Group and the Company's audited financial statements for the financial year ended 30 June 2015 is set out below (transaction costs in connection to Share purchases or acquisitions are not significant and hence are not included in the illustration):

Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Purchase S$'000	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**
As at 30 June 2015						
Share capital	41,490	41,490	41,490	41,490	41,490	41,490
Other reserves	16,202	16,202	16,202	1,207	1,207	1,207
Retained earnings	102,280	102,280	102,280	6,267	6,267	6,267
Treasury shares	-	(18,786)	(21,469)	-	(18,786)	(21,469)
Equity attributable to owners of the Company	159,972	141,186	138,503	48,964	30,178	27,495
Non-controlling interests	183	183	183	-	-	-
Total Equity	160,155	141,369	138,686	48,964	30,178	27,495
Non-current assets	262,501	262,501	262,501	136,566	136,566	136,566
Current assets	129,921	129,921	129,921	63,558	63,558	63,558
Current liabilities	119,812	119,812	119,812	52,753	52,753	52,753
Non-current liabilities	112,455	131,241	133,924	98,407	117,193	119,876
NTA (net of minority interest)	155,436	136,650	133,967	47,993	29,207	26,524
Total borrowings	173,092	191,878	194,561	148,985	167,771	170,454
Cash and cash equivalents	25,068	25,068	25,068	3,482	3,482	3,482
Profit attributable to owners of the Company	4,563	4,563	4,563	316	316	316
Number of Shares outstanding as at 30 June 2015 ('000)	447,281	447,281	447,281	447,281	447,281	447,281
Number of Shares outstanding (excluding treasury shares) ('000)	447,281	402,553	402,553	447,281	402,553	402,553
Weighted average of Shares outstanding during the year ended 30 June 2015 ('000)	446,732	446,732	446,732	446,732	446,732	446,732
Financial Ratios						
NTA per share (Singapore cents)	34.75	30.55	29.95	10.73	6.53	5.93
Gearing (%)	92.5%	118.1%	122.4%	297.2%	544.4%	607.3%
Earnings per Share (Singapore cents)	1.02	1.02	1.02	0.07	0.07	0.07

Shareholders should note that the financial effects illustrated above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company and the Group as at 30 June 2015, and are not representative of the Group's future financial performance.

Although the Share Purchase Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back all 10% of the issued Shares in full.

In particular, the maximum number of Shares that the Company may purchase under the Companies Act is limited by the solvency requirements set out in the Companies Act, as described in Paragraph 2.4.9 above.

2.6. Taxation

Shareholders who are in doubt as to their respective tax positions or tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.7. Listing Status

2.7.1. The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than (a) the directors, chief executive officer and substantial shareholders, or controlling shareholders of the Company or its subsidiaries, and (b) the associates of such persons named in (a).

2.7.2. As at the Latest Practicable Date, there are 142,616,257 Shares in the hands of the public, representing 31.89% of the issued Shares of the Company. Assuming that the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 97,888,136 Shares, representing approximately 24.32% of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares). As such, the Company will continue to remain in compliance with Rule 723 of the Listing Manual even if the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate.

2.7.3. In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:

(a) affect the listing status of the Shares on the SGX-ST;

(b) cause market illiquidity; or

(c) affect the orderly trading of the Shares.

2.7.4. While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after any matter of a price sensitive nature has occurred or has been the subject of a consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced. In addition, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) two weeks immediately preceding, and including the date of, the announcement of the Company's results for each of the first three quarters of its financial year; and

(b) one month immediately preceding, and including the date of, the announcement of the Company's results for the financial year.

2.8. Implications under the Takeover Code

2.8.1. The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

2.8.2. Under the Takeover Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, ***inter alia***, will be presumed to be acting in concert:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(c) an individual, his close relatives, his related trusts and any person who is accustomed to act in accordance with his instructions, companies controlled by any of foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

2.8.3. The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Takeover Code ("**Appendix 2**").

2.8.4. In general terms, the effect of Rule 14 and Appendix 2 of the Takeover Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

2.8.5. Under Appendix 2 of the Takeover Code, a Shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorizing the proposed Share Purchase Mandate, unless so required under the Companies Act.

2.8.6. As Clifford Eu Yee Fong, Laurence Eu Yee Lye, Richard Eu Yee Ming, Billy Ma Wah Yan and Robert James Eu Yee Sang and persons acting in concert with the foregoing have aggregate voting rights of the Company of more than 50% as at the Latest Practicable Date, the increase in such shareholdings and voting rights in the event the Company purchases the maximum number of 44,728,121 Shares will not result in them and persons presumed to be acting in concert with them being required to make a mandatory offer under Rule 14 of the Takeover Code.

2.8.7. Save as disclosed above, the Directors are not aware of any other Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer under Rule 14 of the Takeover Code in the event that the Company purchases the maximum number of 44,728,121 Shares.

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.

2.9. Directors' and Substantial Shareholders' Interests

2.9.1. The shareholdings of the Directors and the Substantial Shareholders (as defined in the Companies Act) in the Company as at the Latest Practicable Date and the percentage shareholdings of the Directors and the Substantial Shareholders as a proportion of the total issued share capital of the Company (excluding Shares held as treasury shares by the Company) (the "**Voting Rights**") as at the Latest Practicable Date and after the purchase of Shares assuming (i) the Company undertakes Share purchases up to the maximum 10% of the issued share capital of the Company, (ii) there is no change in the holding of Shares between the Latest Practicable Date and the date of the AGM, (iii) no new Shares are issued following approval being received from Shareholders at the AGM and (iv) none of the foregoing parties sell or otherwise dispose of their holding in Shares, are as follows:

	Before Share Purchase (No. of Shares)			**Before Share Purchase (%)**	**After Share Purchase (%)**
	Direct Interest	**Deemed Σ Interest**	**Total Interest**		
Substantial Shareholders					
Euco Investments Pte Ltd ("Euco")	9,591,720	53,395,400 (1)	62,987,120	14.08	15.65
Aberdeen Asset Management Asia Limited ("AAMAL")	–	48,856,100 (2)	48,856,100	10.92	12.14
Aberdeen Asset Management PLC ("AAM")	–	48,856,100 (3)	48,856,100	10.92	12.14
Bestand Development Corporation ("Bestand")	–	31,516,242 (4)	31,516,242	7.05	7.83
HSBC Trustee (Hong Kong) Limited	–	31,516,242 (5)	31,516,242	7.05	7.83
HSBC International Trustee Limited	–	31,516,242 (5)	31,516,242	7.05	7.83
HSBC Private Banking Holdings (Suisse) SA	–	31,516,242 (5)	31,516,242	7.05	7.83
HSBC Finance (Netherlands)	–	31,516,242 (5)	31,516,242	7.05	7.83
HSBC Holdings PLC	–	31,516,242 (5)	31,516,242	7.05	7.83
Clifford Eu Yee Fong	498,891	84,187,120 (6)	84,686,011	18.93	21.04
Laurence Eu Yee Lye	1,760,000	65,987,120 (7)	67,747,120	15.15	16.83
Richard Eu Yee Ming	450,000	65,154,171 (8)	65,604,171	14.67	16.30
Billy Ma Wah Yan	–	34,327,014 (9)	34,327,014	7.67	8.53
Robert James Eu Yee Sang	2,045,000	31,516,242 (10)	33,561,242	7.50	8.34
Directors					
Robert James Eu Yee Sang	2,045,000	31,516,242 (10)	33,561,242	7.50	8.34
Richard Eu Yee Ming	450,000	65,154,171 (8)	65,604,171	14.67	16.30
Clifford Eu Yee Fong	498,891	84,187,120 (6)	84,686,011	18.93	21.04
Matthew J. Estes	–	–	–	–	-
Ng Shin Ein	–	–	–	–	-
Daniel Soh Chung Hian	–	–	–	–	-

∑ Does not include any interest in warrants or options issued by the Company.

Notes:

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

	No. of Shares
UOB Nominees (2006) Pte Ltd	11,325,000
CIMB Nominees (S) Pte Ltd	17,100,000
Oversea-Chinese Bank Nominees Pte Ltd	8,570,400
Singapura Finance Ltd	8,400,000
Raffles Nominee Pte Ltd	8,000,000

(2) AAMAL acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities, it is therefore deemed to be interested in the said securities.

(3) AAM is the parent company of AAMAL.

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

(5) HSBC Trustee (Hong Kong) Limited is wholly owned by HSBC International Trustee Limited, which is, in turn, wholly owned by, HSBC Private Banking Holdings (Suisse) SA, which is, in turn, wholly owned by HSBC Finance (Netherlands), which is, in turn, wholly owned by HSBC Holdings PLC. HSBC Holdings PLC is therefore deemed to be interested in the Shares held by HSBC Trustee (Hong Kong) Limited. HSBC Trustee (Hong Kong) Limited has an indirect interest in the Shares which are held through Bestand Development Corporation.

(6) Clifford Eu Yee Fong is deemed to be interested in all the 11,400,000 Shares held in trust by his nominees, 62,987,120 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), 3,050,000 Shares owned by his wife.

(7) Laurence Eu Yee Lye is deemed to be interested in all the Shares held by Euco (by itself or in trust by its nominees) and 3,000,000 Shares held by Cristo Point Holdings Ltd.

(8) The deemed interests of Richard Eu Yee Ming relates to Shares held in trust by his nominees. He is also deemed to be interested in 15,770,000 Shares owned by his wife (held in trust by her nominees).

(9) Billy Ma Wah Yan is deemed to be interested in all the Shares held by Bestand and 2,810,772 Shares held by UOB Kay Hian Private Limited.

(10) Robert James Eu Yee Sang is deemed to be interested in all the Shares held by Bestand.

Shareholders should note the following:

(a) the figures in the above table are set out for illustrative purposes only and calculated on the assumption that (a) the maximum amount of 10% of the Shares of the Company purchased under the Share Purchase Mandate will be cancelled and not held as treasury shares and (b) there is no change in the number of Shares held or deemed to be held by the Directors; and

(b) if all the purchased Shares are held as treasury shares and not cancelled, there will be no change in the interests of the Directors before and after such purchase.

3. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report, will be held at the Eu Yan Sang Centre, Qi Room, 21 Tai Seng Drive, Singapore 535223 on Wednesday, 28 October 2015 at 3.00 p.m. Shareholders' approval for the proposed renewal of the Share Purchase Mandate is being sought at the AGM. The resolution relating to the renewal of the Share Purchase Mandate is contained in the Notice of AGM as an Ordinary Resolution.

4. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the proposed renewal of the Share Purchase Mandate as set out in Paragraph 2.2 of this Appendix, the Directors believe that the renewal of the Share Purchase Mandate is in the interests of the Company and recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Share Purchase Mandate.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

Yours faithfully,

Richard Eu Yee Ming
Group Chief Executive Office
for and on behalf of the Board of Directors of Eu Yan Sang International Ltd

EU YAN SANG INTERNATIONAL LTD

Co. Reg. No. 199302179H

7 October 2015

REQUEST FOR PRINT COPY OF ANNUAL REPORT

Dear Shareholders,

As part of Eu Yan Sang International Ltd's ("EYSI" or the "Company") initiative to conserve the environment, we are providing a copy of the Eu Yan Sang International Ltd Annual Report for the financial year ended 30 June 2015 ("EYSI AR2015") in digital format in the enclosed USB card. This card contains the joint message from Chairman and Group CEO, the full financial statement of the Company, the reports of the Directors and Auditors, as well as the Corporate Governance report. A print copy of the Notice of Annual General Meeting, the Proxy Form and the Appendix in Relation to the Proposed Renewal of the Share Purchase Mandate are included together with the USB card.

We look forward to shareholders' support of our commitment to reduce paper wastage and energy consumed for printing, by viewing the digital version of EYSI AR2015 in the USB card or accessing the online version on the Company's website at www.EuYanSang.com from 8 October 2015.

Nevertheless, if shareholders would still prefer a print copy of the EYSI AR2015, please complete the request form below and return it to us no later than 19 October 2015.

Yours faithfully
For and on behalf of
Eu Yan Sang International Ltd

Yock Miin Tang
Company Secretary

REQUEST FORM

To: Eu Yan Sang International Ltd ("EYSI")

☐ Please send me/us the Print Copy of the EYSI AR2015 and a Print Copy of the Annual Report for future financial years as long as I am/we are shareholder(s) of EYSI.

Name(s) of Shareholder(s):____________________________

NRIC/Passport Number(s):____________________________

The shares in EYSI are held by me/us under or through:

Note: Please tick only one box

☐ CDP Securities Account Number: | 1 | 6 | 8 | 1 | – | | | | | – | | | | |

☐ CPFIS Account*

☐ Physical scrips

Address:____ Singapore ____________

Signature(s):_______________________________________ Date:_______________________________________

* Please note that if your shares are held under CPFIS, your above election is only valid in respect of the Print Copy of the EYSI AR2015.

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Company Secretary
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