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余仁生
Eu Yan Sang





Eu Yan Sang International Ltd • Annual Report 2008

Contents

Eu Yan Sang is a progressive consumer healthcare brand built around a commitment to product excellence and innovation in TCM. Starting out in 1879 with the intention of benefiting mankind through the provision of the finest natural products, this altruistic philosophy remains the company's core principle today.

VISION

To be a global consumer healthcare company with a focus in Traditional Chinese Medicine and Integrative Healthcare.

MISSION

To care for mankind by helping our consumers realise good life-long health.

Chairman's Message

On behalf of the Board of Directors, I am pleased to present our annual report for the financial year ended 30 June 2008.

The Year In Review

Eu Yan Sang will be entering its fourteenth decade of continuous operations in the coming year, a track record few companies can lay claim to.

Our longevity and success in the past can be attributed to our unwavering commitment to the quality of our products, which has built a solid reputation, a trusted brand and a resulting base of loyal customers. We will strengthen our prospects for the future by both building upon this base and staying relevant to the needs of our customers through bringing new products to the market and exploring new channels through which to reach a wider circle of new consumers.

The last 12 months have been very much about preparing our company for the next decade. We have made some hard decisions, but they are the right decisions to secure our company's future.

The Group has renewed its focus on our core Traditional Chinese Medicine (TCM) business. We took the necessary steps to complete our exit from non-core businesses within the Group. We restructured our investment in the retail concept store Red White & Pure into a 20% holding in the Sanctuary Spa Group. This will enable Eu Yan Sang to remain focused on TCM while maintaining an interest in the fast growing health and lifestyle sector. Our Australian subsidiary, YourHealth Group Pty Ltd, has completed its period under voluntary administration and is in the process of liquidation.

These two decisions - the restructuring of Red White and Pure and the liquidation of YourHealth Group – both impacted on the Group's profitability which at S$4.9 million, is 67% lower than last year.

While the decline in net profits is painful, we are confident that the company is now ready for its next stage of growth and development. Our Group revenue rose 15% to S$208.5 million for the year ended 30th June 2008, while maintaining our gross margin at 50% despite fluctuating and rising raw material prices. We grew our revenue across all our business segments. Hong Kong revenue jumped 19% to HK$515 million while Singapore increased by 11% to S$60 million. Malaysia recorded an impressive growth rate of 28% to RM$122 million with the success of various marketing campaigns.

A Premium and Trusted Brand

Eu Yan Sang is recognised in Asia as a trusted household brand and as a leader in the industry – innovating and setting trends. We were awarded the prestigious Platinum Trusted Brand by Readers' Digest for two consecutive years; the "Top 10 Favourite Brand" by Guangzhou Daily – an award we have won for four consecutive years; the Hong Kong 2007-08 Yahoo Emotive Brand as well as the Brand Laurette Heritage Award by Asia Brand Foundation in Malaysia.

These awards help to reinforce the consumer's established belief in the integrity of our brand and our products. This loyalty to our brand is important especially in challenging economic times when families must make decisions on where to spend their hard earned money. Even in difficult times, consumers will place a premium on taking care of their health and welfare of their family and loved ones. This will help guard our business against the worst of an economic downturn.

We will leverage on our branding efforts to build new customers and engage them to find solutions for their life-long health through relevant TCM products and services.

Brand Awards:

Readers' Digest
Platinum Trusted Brand

Guangzhou Daily
Top 10 Favourite Brand

Yahoo, Hong Kong
Yahoo Emotive Brand

Asia Brand Foundation, Malaysia
Brand Laurette Heritage Award

Long Term Commitment to Shareholder Value

To signify our long-term commitment to deliver tangible value to our shareholders, the Directors are recommending a first and final dividend of 1 cent and a special dividend of 1 cent, making a total of 2 cents per ordinary share (same as per last year). Both are tax exempt one-tier dividends.

Prospects

Business conditions will continue to be challenging in the coming year. We expect rising retail rents, volatile oil prices, higher manpower costs and inflation to affect consumer sentiment and business prospects. The Group is aware of these issues and we will take proactive steps to address them.

We will focus on growing sales in our existing stores and keeping a firm handle on operating costs. We will expand our distribution network very selectively, adding new retail outlets only where required profit margins can clearly be realised. The successful launch of several new Chinese Proprietary Medicines and Health Foods during FY2008 contributed to turnover - we are targeting to introduce an additional nine to twelve new products in FY2009.

We expect our TCM clinics to continue benefiting from increased awareness of traditional and integrative medicine. As with our retail stores, we will place greater emphasis on increasing revenue from existing clinics, while seeking opportunities to open two to four new clinics annually.

We are constantly looking for opportunities to expand our TCM business within existing and new markets, in particular China and Taiwan. We currently have a retail store and two retail counters in Guangzhou. We are building a team to expand our presence in China. In September 2007, we opened our first retail outlet in Taipei. We have added two more retail counters since then to tap into Taiwan's 23 million consumers.

Appreciation

On behalf of the Board, I thank our management and staff for their hard work, dedication and loyalty to the Group. I also thank all our customers, bankers, business associates, suppliers and shareholders for their continuous support.

My gratitude is extended to my distinguished fellow members of the Board for their guidance to the Group throughout the year.

JENNIFER LEE
Chairman
22 September 2008

Operations Review

Overview

Amid a backdrop of high inflation, looming credit crunch, foreign exchange fluctuations and slower economic growth across the region, Group revenue rose 15% to S$208.5 million for the year ended 30th June 2008.

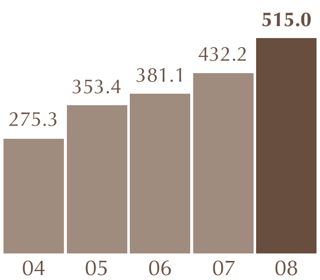
Gross margin remained stable at 50.1% despite general increase in raw material costs. This was achieved via greater synergy and efficiency within our retail, wholesale and manufacturing network.

Profit for the year is lower by 67% to S$4.9 million as compared to FY2007. This was mainly due to the impairment of Red White & Pure Pte Ltd's Plants and Equipments amounting to S$2.4 million and S$2.4 million discontinued operations losses plus S$3.9 million in respect of impairment of long term investments in unquoted shares. In addition, Yourhealth Group Pty Ltd (and its subsidiaries), which is under liquidation, realised a loss of S$0.5 million which is mainly due to realisation of exchange translation losses. Included in the last year profit were gains on disposal of properties and Elixir's business amounting to S$1.3 million and $1.4 million respectively.

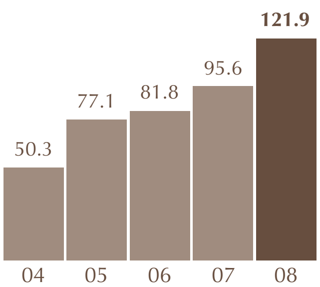
As a result, profit for FY2008 was S$4.9 million, 67% lower than FY2007.

With the end of the administration and the liquidation of YourHealth Group Pty Ltd (and its subsidiaries), impairment of the long term investments in unquoted shares and the restructured business at Red White & Pure Pte Ltd (and its subsidiary, RWP Food Services Pte Ltd) resulted in an impairment of its Plants and Equipments, amounting to S$5.3 million loss.

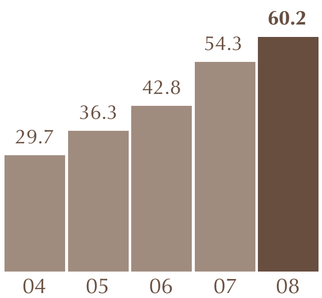
Turnover By Geographical Operations



Hong Kong (HK$'m)



Malaysia (MYR'm)



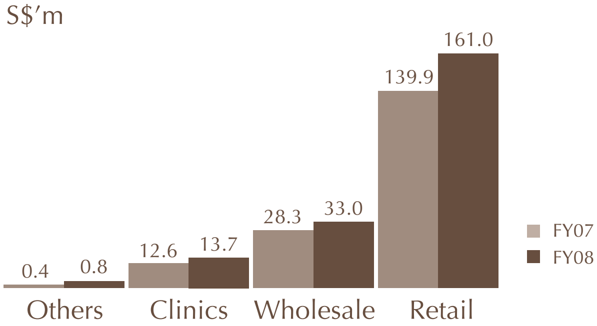
Singapore (S$'m)

Operations Review

Growth was broad-based, registering across the Group's three key markets.

In local currency terms, Hong Kong revenue jumped 19% to HK$515.0 million while Singapore increased by 11% to S$60.3 million. Malaysia recorded an impressive growth rate of 28% to RM$121.9 million with the success of various marketing campaigns.

Turnover By Activities

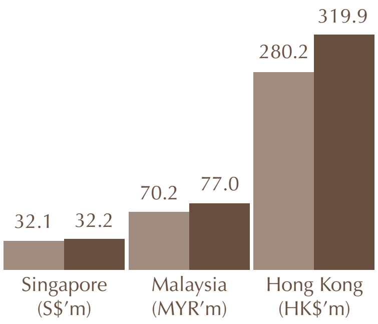


"All business segments have shown increased revenue growth."

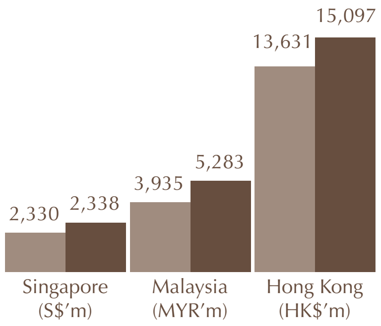
Among the Group's business segments, Wholesale spearheaded revenue growth by an increase of 17% to S$33.0 million. The growth rate was understated as the reporting currency strengthened against the respective local currencies. In local currency terms, the growth ranged from 6% to 41%.

Revenue from Clinics was up by 9% to S$13.7 million which represents 6.6% of the Group's total revenue. The Group added 2 clinics to a total of 18 clinics in Singapore and 3 clinics in Malaysia to meet the increasing consumer demand.

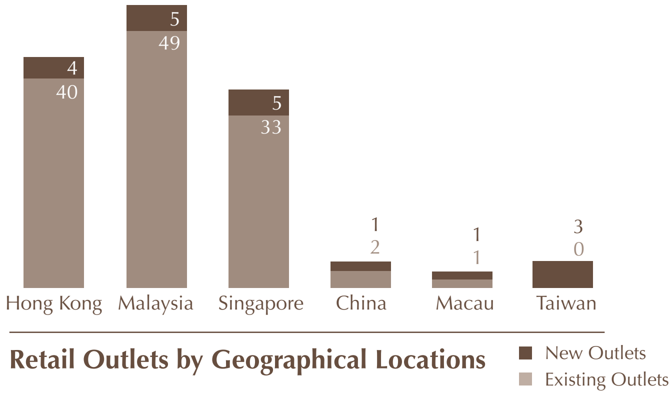
The Group will place emphasis on increasing revenue from existing clinics, while seeking opportunities to open two to four new clinics annually.



Same Store Sales



Sales Per Square Foot



Retail Outlets by Geographical Locations

The Group's largest segment, Retail grew a healthy 15% in revenue to S$161.1 million. The improvement was contributed by the opening of 19 outlets, together with improvements in two key retail performance indicators, same store sales and sales per square foot. As of 30 June 2008, the Group had 144 stores - 44 in Hong Kong, 54 in Malaysia, 38 in Singapore, 3 in China, 2 in Macau and 3 in Taiwan.

The Group targets to open 10 to 12 new stores each year, while enhancing returns from existing stores through effective advertising and marketing strategies as well as improvements in merchandise mix.

Top 5 Products Groups by Revenue

Product Name	Purpose	FY08 S$'m	FY07 S$'m	% Change
Bo Ying Compound	Infants' health	19.6	16.4	20
Bottled Bird's Nest	General health maintenance	19.5	20.8	(6)
Bak Foong Pills	Women's health, nourishes blood and Qi	14.1	14.1	-
Lingzhi Cracked Spores	Improves immunity	8.8	9.3	(5)
Essence of Chicken	General health maintenance	6.1	5.2	17
Total		**68.1**	**65.8**	**3**

With the successful renewal of product license for Bo Ying Compound in China since FY2007, sales for this longstanding product went up strongly for the second consecutive year, improving 14% to S$16.4 million in FY2007 and a further 20% to S$19.6 million in FY2008 to replace Bottled Bird's Nest as the Group's best-selling product.

Sales of Bottled Bird's Nest products were stable at S$19.5 million due to timing of promotions and greater emphasis on other products within our portfolio during the year. In FY2009, initiatives such as the expansion of our wholesale business in China will be implemented to drive sales of Bottled Bird's Nest products.

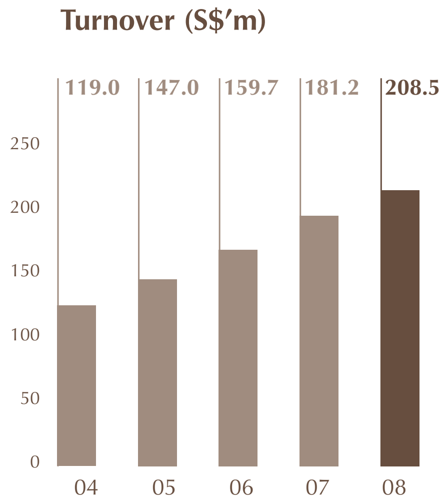
Bak Foong Pills remained a strong contributor to our performance and we expect to put in further promotional efforts to enhance sales performance in various markets including China. We currently distribute Bo Ying Compound and Bak Foong Pills to over 7,000 hospitals and drug stores in China.

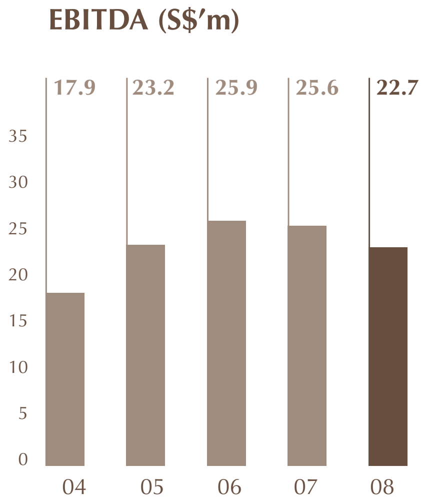
Sales of Lingzhi Cracked Spores Capsules fell marginally by 5% to S$8.8 million as the surge in raw material costs of Lingzhi had gone up significantly, with our promotional efforts somewhat offsetting the reduced consumer demand.

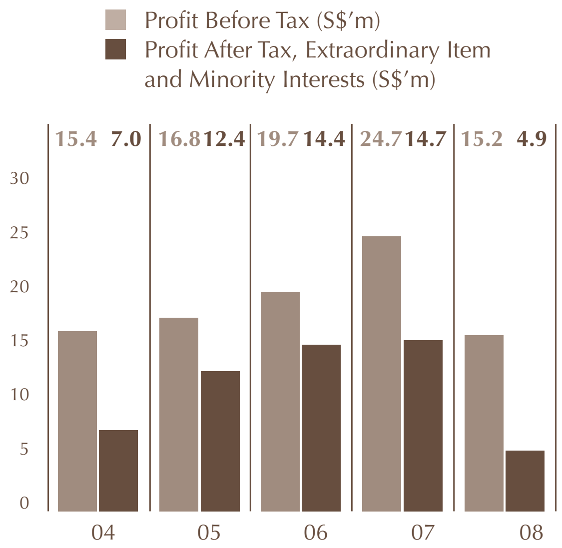
Essence of Chicken products moved into our top five products since FY2007 and continued to post strong sales performance for FY2008. This was due to the effective advertising and promotional efforts.

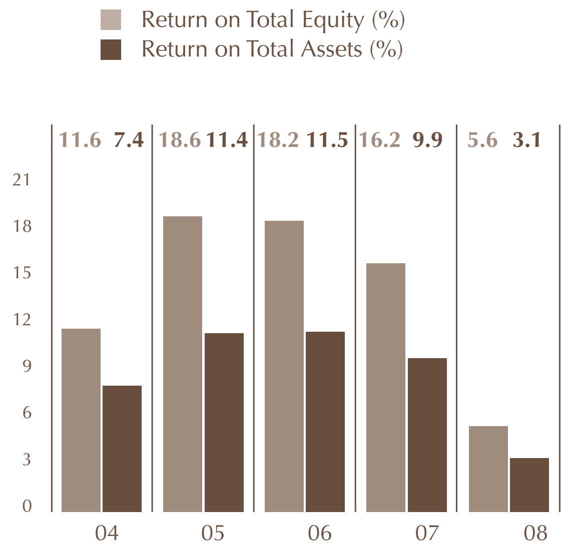
Our strategy is to roll out approximately nine to twelve new products each year to continuously diversify and increase revenue.

Financial Highlights



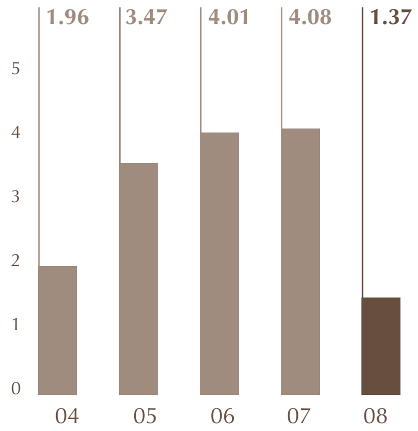




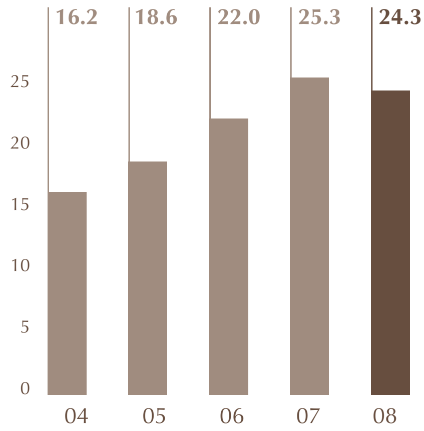


Financial Highlights

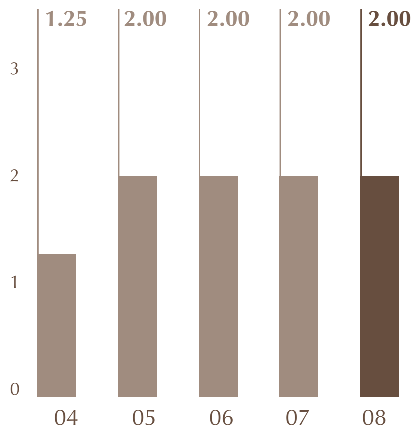
Earnings Per Share (cents)



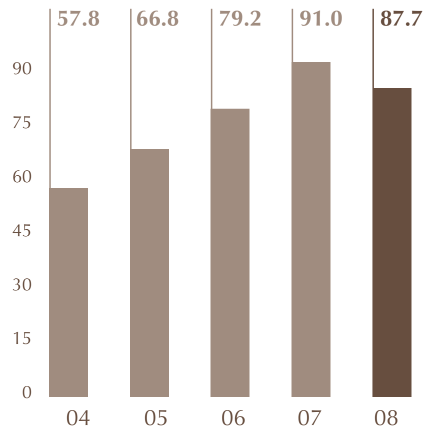
NTA Per Share (cents)



Dividend Per Share (cents)



Shareholders Equity (S$'m)



Board of Directors

DR JENNIFER LEE

Non-Executive Chairman

Dr Jennifer Lee was appointed as the Non-Executive Chairman of the Board on 9 April 2007. Dr Lee has been an Independent Director since 7 July 2000. She serves as the Chairman of the Compensation Committee and as a member to the Audit and Nominating Committees.

Dr Lee is a graduate of the medical faculty of the then Singapore University, and subsequently obtained her MBA from National University of Singapore. She began her career in healthcare in the practice of medicine in her first several years post graduation, moving subsequently into healthcare management at the Ministry of Health. She was Chief Operating Officer in the Singapore General Hospital, in which capacity she was involved in its corporatisation, and subsequently moved on to become CEO of KK Women's and Children's Hospital for 13 years from 1991. She was a Nominated Member of Parliament from 1999 to 2004.

RICHARD EU

Group Chief Executive Officer

Richard Eu, Group CEO, is responsible for the overall corporate development and management of the EYS Group. Prior to this, 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 was the owner of the Eu Yan Sang business in Singapore and Malaysia at that time. In 1993, Richard organised a management buyout of the business and in 1996 it was merged with the Eu Yan Sang business in Hong Kong, forming the Eu Yan Sang International Group, as it is today.

Richard is an Independent Director of Broadway Industrial Group Limited, the Chairman of the Governing Council of Singapore Institute of Management and Harry's Holdings Limited. Richard graduated with a Bachelor's degree in Law from London University, UK. Apart from his business interests, he is also involved in community projects and non-profit organizations.

CLIFFORD EU

Managing Director & Executive Vice President, International

Clifford Eu, Managing Director & EVP of Eu Yan Sang International Ltd, is responsible for the expansion into international markets of the Group. He joined the Group in 1994. Prior to this, he was involved with his family's investment holding group, overseeing its manufacturing and distribution operations in Singapore and Malaysia. In 1986, he co-founded a company, which distributes consumer health products. Clifford graduated with a Bachelor's degree in Electrical Engineering from the University of Melbourne, Australia.

LESLIE MAH

Executive Director

Leslie Mah was appointed as an Executive Director on 3 January 2006 and is responsible for group strategy, business developments and investor relations. Prior to this, Leslie was Chief Financial Officer and was instrumental in spearheading many milestones and developments for the Group which included the introduction of high-end premium bottled bird's nests, the inception of Eu Yan Sang Specialist TCM Centres in Singapore and restructuring of the Group's borrowings. In 2005, Leslie led the Group in its expansion efforts with the entering of the Thailand market. Before joining Eu Yan Sang International Ltd, he was the Executive Director and Company Secretary for Cerebos Pacific Limited. Prior to his tenure at Cerebos, he was the Finance Director of Harpers Gilfillan. He is an Independent Non-Executive Director of Hotel Properties Limited and Goodpack Limited. Leslie is also a Fellow member of the Institute of Chartered Accountants in England and Wales.

ROBERT EU

Non-Executive Director

Robert Eu was appointed as a Non-Executive Director of our company since 24 January 1997. He is a Managing Director at WR Hambrecht + Co, a US-based investment bank. He is also Chairman and CEO of AEX Enterprises, a Hongkong-based financial services firm whose main operating subsidiary is Boom Securities, a leading Hongkong online brokerage firm. 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. Robert was also with Citibank NA Hongkong. Robert graduated with a Bachelor of Arts in History from Northwestern University, USA.

MALCOLM AU
Independent Director

Malcolm Au was appointed to our Board as an Independent Director on 2 January 2004. He started his career with Campbell Soup Company in Canada. Subsequently, he was promoted to start Campbell's business in the Far East as its first Managing Director. He was also elected to the Board of Campbell's in Australia. In 1991, he founded Artal Food Industries Limited, AFI, as a partner and Managing Director. AFI invested in food businesses in Hong Kong, PRC, Singapore, Malaysia and Indonesia. AFI also became the biggest bread baking company in China. He retired in 2003. Malcolm is a Non-Executive Director of China-Hong Kong Photo Products Holdings Ltd, the distributor of Fuji Films in Hong Kong and China, and Convenience Retail Asia Ltd, the franchisee of Circle K stores in Hong Kong and China, both being publicly listed companies in Hong Kong. Malcolm holds a Bachelor of Science degree in Chemical Engineering and a Master of Science degree in Food Science both from the University of Wisconsin, USA and a Master of Business Administration degree from the University of Toronto, Canada.

IAN SPENCE
Independent Director

Ian Spence was appointed to our Board as an Independent Director on 2 December 2002. He is a New Zealander, a permanent resident of Singapore. He is currently an Independent Director of several private and public companies in Singapore. Ian is a Chartered Accountant and a Commerce graduate from Otago University, New Zealand.

Senior Management

HEAD OFFICE - Eu Yan Sang International Ltd (EYSI)

KF TAN

Chief Operating Officer

KF Tan joined the Group in April 2004 as the Group Financial Controller. Currently, he holds the position of Chief Operating Officer and is responsible for the strategic and operational leadership of the Group's sales, marketing, production and distribution of TCM and health care products. In addition, he will also focus on strengthening operation efficiency within and across countries and building a strong team spirit within the Group. Before joining us, he was the Managing Director of Nextec Applications Pte Ltd and was responsible for finance and operations for about four years. Prior to his tenure at Nextec, he spent 11 years with NatSteel Chemicals Ltd and his last held position was General Manager. KF is an associate member of The Institute of Chartered Accountants in England and Wales, and also a CPA with The Institute of Certified Public Accountants of Singapore and The Malaysia Institute of Accountants.

DANNY HENG

Chief Financial Officer and Company Secretary

Danny Heng joined the Group in August 2008. He is responsible for the Group finance, IT, and corporate secretarial functions. He has extensive financial and audit experience in the banking, manufacturing and trading environment with multinational and SGX-listed companies such as Alantac Technology Ltd, Hsu Fu Chi International Ltd, Philips Electronics Singapore and JP Morgan. He graduated with a Bachelor of Business Administration (Finance and Investment Management) from the City University of New York and a Master of Science (Accounting and Information Management) from Pace University, New York. He is a CPA with the Institute of Certified Public Accountants of Singapore and the American Institute of Certified Public Accountants and is a member of the Institute of Management Accountants, Institute of Certified Internal Auditors and Singapore Institute of Directors.

DR PATRICK H M LOH

Senior Vice President, Scientific Affairs

Dr Patrick Loh joined us in June 2007. He is responsible for the Group's development and management for product quality and biotechnological advances. Patrick currently also holds adjunct professorship at three university institutions, the Western Australian State Agricultural Biotechnology Centre (SABC), Murdoch University, the Singapore Management University (SMU) and the Singapore Institute of Management University (UniSIM). In addition, he is the Agri-Advisor to the Agri-Food & Veterinary Authority of Singapore (AVA). He is a Board Director of public-listed PT. Citra Kebun Raya Agri in Jakarta, Indonesia. Patrick is a qualified member of the Institute of Horticulture (MIHort), the Institute of Leisure & Amenity Management (MILAM) in the United Kingdom and the Australian Institute of Agricultural Science & Technology (AIAST) and a Certified Practising Agriculturist (CPAg) of Australia and New Zealand. He received his doctoral research training in plant virology and tissue culture technology from the Institute of Arable Crops Research, United Kingdom and a Master's degree in Business Administration from the University of Dubuque, USA. He is also a member of the Singapore Institute of Directors. Patrick was conferred the Public Service Medal (PBM) in 2001 and the Public Service Star (BBM) in 2006 by His Excellency, The President of the Republic of Singapore.

CHIN GEK MEI

Vice President, International Operations

Chin Gek Mei joined the company in October 2006. She is responsible to develop and manage business alliances for the Group. Prior to joining us, she had extensive experience in consumer marketing and product management within financial and retail institutions. Besides spearheading initiatives in customer relationship management across different segments of customers, she had set-up new departments in customer retention, telemarketing and direct marketing. In addition to scoping and developing different distribution channels, Gek Mei had formulated directions within brand and service quality management across touch points with customers. She graduated with a Bachelor of Science (Honours) in Actuarial Science from the University of Western Ontario, Canada.

Senior Management

VICTOR KHAW

Vice President, Human Resources

Victor Khaw joined the Group in February 2008. He is responsible for the Group's human resource and organization development initiatives. His charter is to align human capital strategy with business priorities and to ensure continuous upgrade of the Group's human resource practices with a view to attract and retain talents and forge a competent and engaged workforce. Victor has extensive regional HR experience in the Asia Pacific region in both generalist and specialist capacity with MNCs such as Nokia, Becton Dickinson and CBI Overseas. He obtained his Master of Business Administration from Heriot Watt University and Bachelor of Business from the University of Tasmania. He also holds several specialist qualifications in Human Resource Management, Training and Development, Compensation and Benefits.

DAWN LEE

Vice President, Product Marketing

Dawn Lee joined the Group in May 2005. She is responsible for developing marketing strategies to support the expansion of the Group's business, new product development, market research, customer relationship management and business collaboration on product development with strategic partners. Dawn has extensive experience in marketing and brand management, as well as sales management and business development for consumer packaged goods. Her prior employment included companies such as 3M, Sara Lee, Quaker Oats and SmithKline Beecham. She holds a Bachelor of Business Administration degree from the National University of Singapore.

CARYN PEH

Vice President, Care Delivery

Caryn Peh joined the Group in August 2005. She is responsible for developing the Group's clinic business (both Traditional Chinese Medicine and Integrative Medicine) globally. Prior to joining us, she was the General Manager for Singapore's largest private and non-hospital based clinical laboratory, Quest Laboratories. She has prior healthcare and consumer experiences in Singapore, China and Vietnam. They include training, sales, marketing and senior management responsibilities for Wyeth Pharmaceuticals and Mars, Inc. Caryn obtained her Master of Business Administration from the University of Leicester, U.K. and Bachelor of Business Administration from the National University of Singapore.

JOANNA WONG

Vice President, Brand Management and Corporate Communications

Joanna Wong joined the Group in March 2000. Her main responsibily is to direct the Group's external communication programmes including investors' relations and public relations. She is responsible for the Group's corporate affairs, sponsorships and marketing events. She also directs brand management and communication programmes in new markets as the company expands regionally. Joanna had extensive communications and marketing experience in luxury FMCG products in the SE Asian region. She holds a Master of Arts in Communication Management from the University of South Australia.

CHINA - Eu Yan Sang Trading (GuangDong) Limited (EYSC)

LIM TEE HOW

Managing Director (EYSC) & Senior Vice President (EYSI)

Lim Tee How joined the Group in June 2008. He is responsible for the overall business, operations and performance of our China venture and is based in Guangzhou. Tee How has extensive work experience in sales, marketing, distribution, logistics, production, consulting and general management with organizations such as Kerry Beverages Ltd and Fraser and Neave Limited. He holds a Master of Business Administration from the University of Bath, U.K.

HONG KONG - Eu Yan Sang (Hong Kong) Limited (EYSHK)

ALICE WONG

Managing Director (EYSHK) & Senior Vice President (EYSI)

Alice Wong joined us in 1993. She is responsible for the overall performance, business and operation of EYSHK. In August 2008, she has been re-appointed as a member of the Chinese Medicines Board under the Chinese Medicine Council of Hong Kong, HKSARG, for a further three-year term. In September 2008, she was re-appointed as a member of School of Chinese Medicine Advisory Committee, Hong Kong Baptist University for another 2 years. Since March 2007, she has been serving as the Vice President of Hong Kong Chinese Patent Medicine Manufacturers' Association Ltd. with a term expiring in February 2009. In addition, she has been an honorary advisor of the Society of Chinese Materia Medica of Hong Kong Baptist University since April 2007.

Prior to joining us, Alice had over fifteen years' working experience as an accountant in both Hong Kong and transnational companies. She holds a Master of Arts in Communication Management from University of South Australia and a Diploma in Business Administration from Wigan & Leigh College, U.K.

WILLIAM SUNG

General Manager, Finance and Administration

William Sung joined us in 1997. He was responsible for the financial and IT matters until he has been retitled as General Manager, Finance and Administration in July 2006. He has the added responsibility of overseeing the administration and human resources matters of the Hong Kong group. William is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

ELLA LEE

General Manager, Sales and Marketing

Ella Lee joined the company in 1995. She is responsible for the sales and marketing activities of EYSHK which includes the retail and wholesales business units. In addition, she also spearheads the Hong Kong's customer loyalty programme. Ella holds a Master of Science in Marketing from the Chinese University of Hong Kong, a Bachelor of Social Sciences and a Postgraduate Diploma in Marketing from the University of Hong Kong.

KIM WU

Senior Manager, Factory Operations

Kim Wu joined us in October 2000. He is responsible for the factory operations and quality control. He holds a Bachelor of Chemistry and a Master of Biotechnology from Hong Kong University of Science and Technology. He currently holds the Chartered Biologist status (CBiol MIBiol) from Institute of Biology and the Chartered Chemist status from The Royal Australian Chemical Institute Incorporated (MRACI CChem).

MALAYSIA - Eu Yan Sang (1959) Sdn Bhd (EYSM)

LOK ENG HOCK

Managing Director (EYSM) & Senior Vice President (EYSI)

Lok Eng Hock joined us in 1982. He is responsible for the overall performance, business and manufacturing operations of EYSM and Weng Li Sdn. Bhd. He holds a Bachelor of Commerce degree from the then Nanyang University, Singapore.

ERIC CHIU

Senior General Manager

Eric Chiu joined us in 1996. He is presently responsible for the overall performance of Weng Li Sdn. Bhd. and is responsible for assisting in the overall trading operation of EYSM. Eric holds a Master of Business Administration degree from Maastricht School of Management (MSM), the Netherlands. He is a member of both The Malaysia Institute of Accountants and CPA Australia.

WONG KAH CANE

General Manager

Wong Kah Cane re-joined us in April 2006. Currently, he is responsible for assisting the implementation and development of strategic sales and marketing plan for EYSM. He holds a Bachelor of Business Administration from Universiti Utara Malaysia.

SINGAPORE - Eu Yan Sang Singapore Pte Ltd (EYSS)

VINCENT LIM

Managing Director (EYSS) & Senior Vice President (EYSI)

Vincent Lim joined us in March 2003. He is responsible for the overall business, operations and performance of EYSS. In addition, Vincent also manages the business operations of Yin Yang Spa Products Pte Ltd. Vincent has many years of management experience in the food & beverage, retail, health products and service industries, both locally and overseas. Vincent holds a Bachelor of Business Administration degree from the Royal Melbourne Institute of Technology, Australia.

WEE CHIN LIAN

Assistant General Manager, Finance

Wee Chin Lian joined us in February 2006. He is responsible for the financial management of EYSS. Prior to joining us, he had more than 10 years experience in retail industry dealing with health food and health supplements. He is a fellow member of both The Institute of Certified Public Accountants of Singapore (ICPAS) and The Association of Chartered Certified Accountants (ACCA).

ERAINE FOO

Assistant General Manager, Sales

Eraine Foo joined us in August 2002. She is responsible for the sales operations of EYSS. Prior to joining us, she had more than 15 years in retail industry dealing with high fashions and brand management. She holds a Master of Business Administration degree from the University of Northumbria, Newcastle, UK.

The Group's Network
September 2008

RETAIL OUTLETS

CHINA
Guangzhou
Citic Plaza, Tianhe North Road
Friendship Store, Huan Shi East Road
Jin Tian Park n Shop, Tianhe North Road

HONG KONG
Hong Kong Island
Cityplaza, Taikoo Shing
King's Centre, King's Road
Kornhill Plaza, Quarry Bay
Queensway Plaza, Queensway
Queen's Road, Central
Russell Street, Causeway Bay
Shun Tak Centre, Sheung Wan
The Peak Tower, The Peak
Yee Wo Street, Causeway Bay

Kowloon
Chatham Road South, Tsimshatsui
China Hong Kong City, Tsimshatsui
Fu Yan Street, Kwun Tong
Grand Century Place, Mongkok
Hang Lung Mansion, Mongkok
Lai Chi Kok Road, Shamshuipo
Langham Place, Mongkok
Nathan Road, Mongkok
Olympian City 2,West Kowloon
Peking Road, Tsimshatsui
Plaza Hollywood, Diamond Hill
Sham Shui Po MTR Station
Tak Man Street, Hunghom
Telford Phaza II, Telford
Whampoa Garden, Hunghom-Jusco

New Territories
Castle Peak Road, Yuen Long
Chelsea Heights, Tuen Mun
Discovery Park, Tsuen Wan
East Point City, Tseung Kwan O
Hong Kong International Airport
Landmark North, Sheung Shui
Luk Yeung Galleria, Tsuen Wan
Ma On Shan Plaza, Ma On Shan
Maritime Square, Tsing Yi
Metro City Plaza II, Tseung Kwan O
Shatin Plaza, Shatin
Sheung Shui Centre, Sheung Shui
Sunshine City Plaza, Ma On Shan-Mannings
Tai Wai Road, Shatin
Tsuen Kam Centre, Tsuen Wan
Tsuen Wan Plaza, Tsuen Wan
Tuen Mun Town Plaza, Tuen Mun
Uptown Plaza, Tai Po

ProNature Counter
Elements, Kowloon Station

MACAU
Avenida, Macau
Venetian, Cotai

MALAYSIA
Johor
Carrefour Shopping Centre, Pandan
Flora Utama, Batu Pahat
Jalan Ali, Muar
Jusco Desa Tebrau
Jalan Sutera, Taman Sentosa
Jusco Permas Jaya Shopping Centre
Sutera Mall, Skudai

Melaka
Dataran Pahlawan Melaka Megamall
Jusco, Melaka Shopping Centre
Tesco, Melaka

Negeri Sembilan
Jalan Dato' Bandar Tunggal
Jusco, Seremban 2 Shopping Centre

Kuala Lumpur
Carrefour, Endah Parade, Sri Petaling
Carrefour, Kepong
Cheras Leisuremall, Taman Segar
Mid Point Shopping Centre, Pandan Indah
Lucky Plaza, Jalan Klang Lama
Jusco, Alpha Angle Shopping Complex
Jusco, Metro Prima, Kepong
Jusco, Taman Maluri
Mid Valley Megamall
Shaw Parade, Changkat Thambi Dollah
Tesco Extra, Cheras
The Gardens, Mid Valley City

Selangor
AEON, Bukit Tinggi Shopping Centre
Bukit Raja Shopping Centre
Giant , Kota Damansara
Giant Hypermarket Klang
IOI Mall, Bandar Puchong Jaya
Jusco, Bandar Puchong Jaya
Jusco, Cheras Selatan, Belakong
Jusco, One Utama Shopping Centre
Jusco, Taman Equine Shopping Centre
SS2, Petaling Jaya
Selayang Mall, Batu Caves
Summit USJ
Taipan, UEP, Subang Jaya
Tesco, Puchong
Tesco, Setia Alam
Sunway Pyramid, Petaling Jaya

Perak
Fajar, Teluk Intan
Jalan Bandar Timah, Ipoh
Jalan Idris, Kampar
Jusco, Kinta City Shopping Centre, Ipoh
Tesco, Taiping

The Group's Network

Penang Island
AEON Seberang Prai City Shopping Centre
Chulia Street
Gurney Plaza, Persiaran Gurney
Jusco, Queensbay Mall
Sunway Carnival, Butterworth
Sunshine Square Complex, Bayan Lepas
Tesco, Jelutung

Pahang
East Coast Mall, Putra Square
Giant Hypermarket, Kuantan
Jalan Air Putih, Kuantan

Sarawak
Everrise Departmental Store, Kuching
Jalan Tunku Abdul Rahman, Kuching
Sing Kwong Shopping Mall, Sibu

SINGAPORE
AMK Hub, Ang Mo Kio
Ang Mo Kio Town Centre
Bedok Central,
New Upper Changi Road
Bugis Junction, Victoria Street
Bukit Panjang Plaza, Jelebu Road
Causeway Point, Woodlands Square
Centrepoint, Orchard Road
Clifford Centre, Raffles Place
Compass Point, Sengkang Square
Great World City,
Kim Seng Promenade
Hougang Mall, Hougang
ICON Village, Gopeng Street
IMM, Jurong East Street 21
Jurong East Street 13
Jurong Point, Jurong West Central 2
Lot 1, Choa Chu Kang
Mount Elizabeth Medical Centre
Paragon, Orchard Road
Parkway Parade, Marine Parade Road
Plaza Singapura, Orchard Road
Raffles City Shopping Centre,
North Bridge Road (2 outlets)
South Bridge Road
Square 2, Sinaran Drive
Sun Plaza, Sewbawang Drive
Suntec City Mall, Temasek Boulveard
Terminal 1, Changi Airport
Terminal 2, Changi Airport
Terminal 3, Changi Airport
Tampines Mall, Tampines Central
Tangs, Orchard Road
The Central, Eu Tong Sen Street
Tiong Bahru Plaza, Tiong Bahru Road
Toa Payoh Central
Vivo City, Harbour Front Walk
West Mall, Bukit Batok Central Link
White Sands, Pasir Ris Central

TAIWAN
Taipei City
Tianmu E. Rd., Shilin District

Taipei County
Jhongshan Rd., Banciao City

Hsinchu City
Sida Rd., East District

CLINICS

MALAYSIA
TCM Clinics
Kuala Lumpur
Shaw Parade, Changkat Thambi Dollah

Negeri Sembilan
Seremban, Jalan Dato' Bandar Tunggal

Pulau Pinang
Lebuh Chulia

SINGAPORE
Specialist TCM Centres
Camden Medical Centre
Paragon
Paragon
(TCM Centre for Reproductive Health)

TCM Clinics
Ang Mo Kio
Bedok
Bukit Batok
Greenridge
Hougang
Jurong East
Jurong Medical Centre
Plaza Singapura
Rivervale Mall
Sembawang
South Bridge Road
Tampines
Tiong Bahru
Toa Payoh
Yishun

Sessional Clinic
KK Women's and Children's
Hospital, Women Pain Centre

OTHERS

MALAYSIA
Kuala Lumpur
The Zun Kitchenette
- Shaw Parade

The Zun Express
- The Gardens, Mid Valley City
- AEON, Bukit Tinggi Shopping Centre
- Sunway Pyramid

Eu Yan Sang Group

CORPORATE OFFICE

EU YAN SANG INTERNATIONAL LTD
269A South Bridge Road
Singapore 058818
tel : (65) 6225 3211
fax : (65) 6225 8276
email : customersvc@euyansang.com

OUR SUBSIDIARIES

AUSTRALIA
EU YAN SANG AUSTRALIA PTY LTD
Unit 22/37 Nicholson Street,
Balmain East, NSW 2041, Australia
tel : (612) 8021 9882
fax : (612) 9982 7116
email : info@euyansang.com.au

CHINA
EU YAN SANG TRADING (GUANGDONG) CO LTD
Rm 1606, 16/F North Tower
Guangzhou World Trade Centre
371-375 Huan Shi Dong Road
Guangzhou
People's Republic of China
tel/fax : (8620) 8760 1063

HONG KONG
EU YAN SANG (HONG KONG) LTD
Eu Yan Sang Centre
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Industrial Estate
Yuen Long, New Territories
Hong Kong
tel : (852) 2544 3268
fax : (852) 2850 6785
email : info@euyansang.com.hk

INDONESIA
PT EYS VENTURES INDONESIA
Setiabudi Atrium, 2nd Floor, Suite 209A
Jl. H.R. Rasuna Said Kav 62,
Jakarta 12920
Indonesia
tel : (6221) 520 7040
fax : (6221) 520 7046

MACAU
EU YAN SANG (MACAU) LTD
Avenida de Almeida Ribeiro
No. 48, Macau
People's Republic of China
tel : (853) 2838 9370
fax : (853) 2838 9371

MALAYSIA
EU YAN SANG (1959) SDN BHD
No. L2-01 & L2-12, 2nd Floor,
Shaw Parade
Changkat Thambi Dollah
55100 Kuala Lumpur
Malaysia
tel : (603) 2116 8200
fax : (603) 2116 8201
email : info@euyansang.com.my

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4 Persiaran 1/118C, Fasa 2,
Desa Tun Razak Industrial Park Cheras,
56000 Kuala Lumpur
Malaysia
tel : (603) 9173 1984 /
(603) 9173 1986
fax : (603) 9173 1987
email : info@wengli.com.my

SINGAPORE
EU YAN SANG INTEGRATIVE HEALTH PTE LTD
269A South Bridge Road
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fax : (65) 6227 4312
email : healing@euyansang.com
website : www.ihealth.com.sg

EU YAN SANG MARKETING PTE LTD
269A South Bridge Road
Singapore 058818
tel : (65) 6225 3211
fax : (65) 6221 1861

EU YAN SANG (SINGAPORE) PTE LTD
151 Lorong Chuan, #05-05/06
New Tech Park, Lobby E
Singapore 556741
tel : (65) 6749 8830
fax : (65) 6749 8692
email : info@euyansang.com

TAIWAN
EU YAN SANG (TAIWAN) LTD
1F, No 67, TianMu East Road
Taipei City
Taiwan
tel : (8862) 2874 7593
fax : (8862) 2874 1548

THAILAND
EU YAN SANG (THAILAND) LTD
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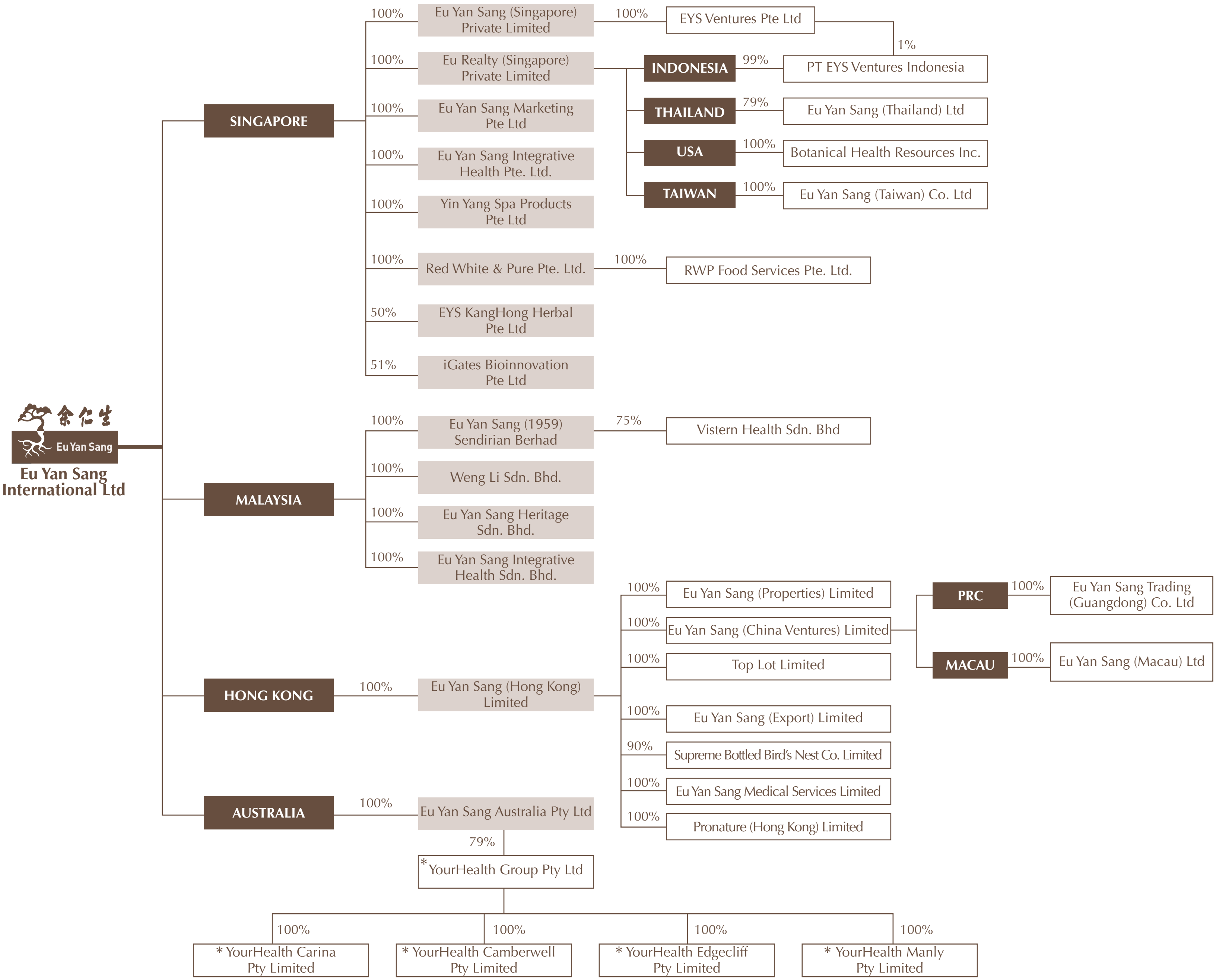
Soi 38, Khet Saimai
Bangkok 1022D
Thailand
tel : (662) 996 4090
fax : (662) 996 4094

The Group's Structure



* These subsidiaries have been placed under liquidation

Corporate Data

BOARD OF DIRECTORS

Dr Jennifer Gek Choo **Lee**
Non-Executive Chairman

Richard Yee Ming **Eu**
Group CEO

Clifford Yee Fong **Eu**
Managing Director

Leslie Kim Loong **Mah**
Executive Director

Malcolm Man-Chung **Au**
Independent Director

Robert James Yee Sang **Eu**
Non-Executive Director

Ian Wayne **Spence**
Independent Director

Dr David Yee Tat **Eu**
(alternate to Richard Eu)

Laurence Yee Lye **Eu**
(alternate to Clifford Eu)

Billy Wah Yan **Ma**
(alternate to Robert Eu)

AUDIT COMMITTEE

Ian Wayne **Spence**
Chairman

Dr Jennifer Gek Choo **Lee**

Malcolm Man-Chung **Au**

STRATEGIC DIRECTION COMMITTEE

Robert James Yee Sang **Eu**
Chairman

Dr Jennifer Gek Choo **Lee**

Malcolm Man-Chung **Au**

NOMINATING COMMITTEE

Ian Wayne **Spence**
Chairman

Dr Jennifer Gek Choo **Lee**

Malcolm Man-Chung **Au**

COMPENSATION COMMITTEE

Dr Jennifer Gek Choo **Lee**
Chairman

Ian Wayne **Spence**

Robert James Yee Sang **Eu**

COMPANY SECRETARIES

Danny **Heng**, CPA

Sebastian **Tan**, FCCA

SHARE REGISTRARS

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
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:

Daniel **Soh**
Appointment Date:
(since financial year ended
30 June 2005)

REGISTERED OFFICE

269A South Bridge Road
Singapore 058818
tel : (65) 6225 3211
fax : (65) 6225 8276

PRINCIPAL BANKERS

Bangkok Bank
Public Company Limited
180 Cecil Street,
Bangkok Bank Building
Singapore 069546

The Development Bank of Singapore Ltd
6 Shenton Way,
DBS Building, Tower One
Singapore 068809

Public Bank Berhad
Menara Public Bank
146 Jalan Ampang,
50450 Kuala Lumpur
Malaysia

Rabobank International
77 Robinson Road #09-00
SIA Building
Singapore 068896

Standard Chartered Bank
13th Floor,
Standard Chartered Tower
388 Kwun Tong Road,
Kwun Tong
Hong Kong

United Overseas Bank Limited
1 Raffles Place, OUB Centre
Singapore 048616

Corporate Governance

The Board of Eu Yan Sang International Limited (the "Board") is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders.

This report describes the corporate governance principles applied by the Company with specific reference to the Code of Corporate Governance (the "Code"). References to the principles of the Code are listed below:

PRINCIPLE 1: BOARD'S CONDUCT OF AFFAIRS

The principal functions of the Board are:

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

Matters which are specifically referred to the Board for decision are those involving approval of accounts and results announcements, dividend payments or other returns to shareholders, corporate or financial restructuring and share issuance, material acquisitions and disposal of assets.

The Board conducts regularly scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association provide for meetings by means of teleconference. The attendance of the directors at meetings of the Board and Board committees, and the frequency of these meetings for the financial year ended 30 June 2008 is disclosed as follows.

Directors' Attendance at Board & Committee Meetings

Name	Eu Yan Sang Board		Audit Committee		Compensation Committee		Nominating Committee		Strategic Direction Committee	
	No of Mtgs Held	No of Mtgs Atten'd	No of Mtgs Held	No of Mtgs Atten'd	No of Mtgs Held	No of Mtgs Atten'd	No of Mtgs Held	No of Mtgs Atten'd	No of Mtgs Held	No of Mtgs Atten'd
Richard Yee Ming Eu	4	4	-	-	-	-	-	-	-	-
Clifford Yee Fong Eu	4	4	-	-	-	-	-	-	-	-
Dr Jennifer Gek Choo Lee	4	4	4	4	3	3	1	1	7	6
Ian Wayne Spence	4	4	4	4	3	3	1	1	-	-
Robert James Yee Sang Eu	4	4	-	-	3	3	-	-	7	7
Malcolm Man Chung Au	4	3	4	3	-	-	1	1	7	7
Leslie Kim Loong Mah	4	4	-	-	-	-	-	-	-	-

The Company provides facilities such as the conduct of internal courses for the directors to meet their training needs. The new directors are also 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 currently has seven (7) directors, comprising three (3) independent directors, one (1) non-independent and non-executive director and three (3) executive directors. Information regarding each Board member 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. To assist in the execution of its responsibilities and to comply with the requirements, the Board has established sub-committees: an Audit Committee, a Nominating Committee, a Strategic Direction Committee and a Compensation Committee, under which the Executives' Share Option Scheme Committee and the Performance Share Plan Committee function 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 is reviewed annually by the Nominating Committee ("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. As more than 1/3rd of the Board is independent, the NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

PRINCIPLE 3: ROLE OF CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

The Company has a non-executive director serving as Chairman and an executive director serving as Group CEO. The Group CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman bears responsibility for the workings of the Board. The Chairman and the Group CEO are not related, and the division of responsibilities between the Chairman and the Group CEO are clear.

The Chairman ensures that board meetings are held when necessary and sets the 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 rule, board papers are sent to directors approximately seven days in advance for directors to be adequately prepared for the meetings.

The Group CEO, supported by the Chief Operating Officer ("COO"), executes decisions taken by the Board and is responsible for the day-to-day operations of the Company. The CEO presides over a Management Committee ("MC") consisting of the executive directors, COO and Group General Managers. In setting the business direction of the Company, the MC convenes meetings as and when necessary to review the Group's operational performance and evaluate new projects and investment opportunities. In line with good corporate governance principles, the Board had also set up a Strategic Direction Committee, comprising two (2) non-executive independent directors and one (1) non-executive non-independent director. The primary role of this committee is to assist the CEO in setting the direction of the Group's business as it has gone beyond the region to join the league of global business.

PRINCIPLE 4: BOARD MEMBERSHIP
PRINCIPLE 5: BOARD PERFORMANCE

Nominating Committee

The members of the Nominating Committee ("NC") are as follows:

(1) Ian Wayne Spence (Chairman) (Independent)
(2) Dr Jennifer Gek Choo Lee (Independent)
(3) Malcolm Man Chung Au (Independent)

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

The NC's principal functions are:

(1) to identify candidates and review all nominations for the appointment or re-appointment of members of the Board of Directors; the Chief Executive Officer of the Company; members of the various Board committees, for the purpose of proposing such nominations to the Board for its approval;

(2) to set criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 1;

(3) to determine annually the independence of the directors. If the NC determines that a director is independent, notwithstanding that he has one or more of the relationships (as set forth in Guidance Note 2.1 of the Code), it will disclose in full the nature of the director's relationship and bear responsibility for considering him independent;

(4) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

(5) to 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) to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness to the Board.

New directors are at present appointed by the Board, after the NC approves their appointment. Such new directors are required to submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company pursuant to Article 92 of the Company's Articles of Association. Article 109 of the Articles of Association require one third of the Board (other than the Managing Director) to retire by rotation at every AGM.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with monthly financial reports and quarterly management reports. The directors have also been provided with email particulars and telephone numbers of the Company's Group General Managers to facilitate access.

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.

In the furtherance of their duties, the directors may seek independent advice, if necessary, at the Company's expense.

Changes to regulations and accounting standards are closely monitored by 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 directors' disclosure obligations.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The members of the Compensation Committee ("CC") are as follows:

(1) Dr Jennifer Gek Choo Lee (Chairman) (Independent)
(2) Ian Wayne Spence (Independent)
(3) Robert James Yee Sang Eu (Non-Executive) (Non-Independent)

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 review of the remuneration of each senior management staff of the Group is not conducted by the CC but reviewed by the Group's human resources department, in consultation with the CEO and the senior management. The review takes into consideration the performance and the contributions of the staff to the Company and gives due regard to the financial and business performance of that company. 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 adopts a remuneration policy that comprises a fixed as well as a variable component. The fixed component is in a form of base salary and benefits while the variable component is in a form of performance bonus and grant of shares and share options under the Company's Employees' Share Option Scheme ("ESOS") and Performance Share Plan ("PSP").

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

(1) Dr Jennifer Gek Choo Lee
(2) Ian Wayne Spence
(3) Robert James Yee Sang Eu
(4) Richard Yee Ming Eu

More details on the ESOS and 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. Under the terms of the agreement, the Chairman is paid a flat fee and there is no performance-related element. Non-executive directors have no service contracts.

(1) Table shows breakdown of Directors' Remuneration (in percentage terms)

Name of Directors	Remuneration Bands $	Salary %	Bonus %	Directors Fee %	Other Benefits* %	Total %
Richard Yee Ming Eu	500,000 to 799,999	83	14	-	3	100
Clifford Yee Fong Eu	250,000 to 499,999	81	13	-	6	100
Leslie Kim Loong Mah	250,000 to 499,999	72	11	-	17	100
Robert James Yee Sang Eu	0 to 249,999	-	-	100	-	100
Dr Jennifer Gek Choo Lee	0 to 249,999	-	-	100	-	100
Ian Wayne Spence	0 to 249,999	-	-	100	-	100
Malcolm Man Chung Au	0 to 249,999	-	-	100	-	100

* excluding share options which are disclosed in Directors' Report

(2) Table shows the range of gross remuneration received by executives of the Group

Number of executives of the Group in remuneration bands	2008
$250,000 to $499,999	4
$100,000 to $249,999	25
Total	**29**

(3) No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO of the Company and whose remuneration exceeded S$150,000 during the financial year ended 30 June 2008.

PRINCIPLE 10: ACCOUNTABILITY
PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION

The Company holds briefings for the media and the analysts on its half-year and its full-year results. The 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. All announcements, including the Annual Report, are available on the Group's website at www.euyansang.com.

The Company has an investor relations team headed by the Chief Executive Officer and assisted by the Chief Financial Officer whose function is to communicate with investors and attend to their queries. Shareholders of the Company receive the annual report and notice of AGM. At AGMs, shareholders are given the opportunity to ask the Management questions regarding the Company and to air their views.

PRINCIPLE 11: AUDIT COMMITTEE

The Audit Committee ("AC") comprises three (3) independent directors. They are as follows:

(1) Ian Wayne Spence (Chairman) (Independent)
(2) Dr Jennifer Gek Choo Lee (Independent)
(3) Malcolm Man Chung Au (Independent)

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. It had 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 principal functions of the AC are:

(1) to review the audit plans and findings of the external auditors;
(2) to 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) to evaluate the adequacy of the internal control systems of the Company by reviewing the written reports from the external auditors;
(4) to review the Company's risk management processes;
(5) to review related party transactions, if any;

(6) to review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors annually; and
(7) to recommend to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor.

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

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 AC has reviewed the non-audit services provided by the external auditors for FY2008 and is satisfied that such services would not affect the independence of the external auditors. Accordingly, it has recommended the re-appointment of Messrs Ernst & Young LLP as Auditors of the Company at the forthcoming Annual General Meeting.

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

PRINCIPLE 12: INTERNAL CONTROLS
PRINCIPLE 13: INTERNAL AUDITS

The Company has outsourced its Internal Audit (“IA”) function. The scope of the internal audit is:

(1) to review the effectiveness of the Group’s material internal controls;
(2) to provide assurance that key business and operational risks are identified and managed;
(3) to determine that internal controls are in place and functioning as intended; and
(4) to 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 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.

Securities Transactions

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 (the "Code") to govern and regulate transactions relating to securities of the Company. The 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 Code, officers are prohibited from dealing in securities of the Company on short term considerations and at least four (4) weeks before the announcements of the Company's results till the day after the release of such announcements.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interests of any directors or controlling shareholders subsisting as at the financial year ended 30 June 2008.

Financial Statements - Contents

Directors' Report

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 balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2008.

Directors

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

Dr Jennifer Gek Choo Lee	(Chairman)
Richard Yee Ming Eu	(Group CEO)
Clifford Yee Fong Eu	(Managing Director)
Leslie Kim Loong Mah	(Executive Director)
Robert James Yee Sang Eu	
Ian Wayne Spence	
Malcolm Man-Chung Au	
Dr David Yee Tat Eu	(alternate to Richard Yee Ming Eu)
Laurence Yee Lye Eu	(alternate to Clifford Yee Fong Eu)
Billy Wah Yan Ma	(alternate to Robert James Yee Sang Eu)

Arrangements to enable directors to acquire shares and debentures

Except as described below, 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 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, Cap. 50, an interest in shares and share options of the Company, (other than wholly owned subsidiaries) as stated below :-

Name of director	Direct interest At 1.7.2007	Direct interest At 30.6.2008	Deemed interest At 1.7.2007	Deemed interest At 30.6.2008
The Company				
Ordinary shares				
Dr Jennifer Gek Choo Lee	125,000	125,000	–	–
Richard Yee Ming Eu	–	–	52,945,143	52,945,143
Clifford Yee Fong Eu	7,190,743	190,743	78,739,267	85,739,267
Robert James Yee Sang Eu	–	–	26,463,535	26,263,535
Dr David Yee Tat Eu	11,523,806	11,523,806	–	–
Laurence Yee Lye Eu	1,875,000	1,875,000	68,739,267	68,739,267
Billy Wah Yan Ma	–	–	28,805,845	28,605,845
Options to subscribe for ordinary shares				
Dr Jennifer Gek Choo Lee	80,000	160,000	–	–
Richard Yee Ming Eu	530,000	530,000	–	–
Clifford Yee Fong Eu	475,000	475,000	–	–
Leslie Kim Loong Mah	587,500	812,500	–	–
Ian Wayne Spence	80,000	160,000	–	–
Malcolm Man-Chung Au	80,000	160,000	–	–

There were no changes in the interest of directors between the end of the financial year and 21 July 2008.

Except as disclosed in this report, no Directors who held office at the end of the financial year had an interest in shares, share options or debentures of the Company, or any of the subsidiaries of the Company at the beginning of the financial year, or at the end of the financial year.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Clifford Yee Fong Eu and Laurence Yee Lye Eu are deemed to have interest in the subsidiaries 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 EYS ESOS 2000 (excluding lapsed options) in respect of a total of 7,021,000 shares, of which options to subscribe for 4,496,250 shares remain outstanding. No further options may be granted under EYS ESOS 2000 as it has lapsed on 30 June 2006.

Following the lapse of EYS ESOS 2000, the Company has 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 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 Yee Ming Eu, Dr Jennifer Gek Choo Lee, Ian Wayne Spence and Robert James Yee Sang Eu, all of whom are Directors of the Company. The committee has power to determine, inter alia, the persons to be granted options, the number of 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.

During the current financial year, the Company granted options to executive directors, executives and other employees of the Group to subscribe for 3,000,000 shares in the Company at an exercise price of $0.577 shares pursuant to EYS ESOS 2006.

As at 30 June 2008, options granted under EYS ESOS 2006 in respect of a total of 5,620,000 shares, of which options to subscribe for 5,620,000 shares remain outstanding.

Unissued shares under option

During the financial year, 56,250 shares under EYS ESOS 2000 were issued by virtue of an exercise of options to take up unissued shares of the Company.

No shares under EYS ESOS 2006 were issued as at the end of the financial year.

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

Date of grant	Number of share options outstanding	Exercise price per share	Exercisable periods
		$	
EYS ESOS 2000			
18.3.2002	–	0.224	18.3.2003 to 17.3.2012
31.3.2003	475,000	0.280	31.3.2004 to 30.3.2013
31.3.2003	356,250	0.212	31.3.2004 to 30.3.2013
15.12.2005	3,665,000	0.534	15.12.2006 to 14.12.2015
	4,496,250		
EYS ESOS 2006			
13.11.2006	2,620,000	0.683	13.11.2007 to 12.11.2016
13.12.2007	3,000,000	0.577	13.12.2008 to 12.12.2017
	5,620,000		
Total outstanding options	10,116,250		

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 2008	Aggregate options exercised since commencement of the option schemes to 30 June 2008	Aggregate options outstanding as at 30 June 2008
EYS ESOS 2000				
Directors				
Richard Yee Ming Eu	–	530,000	–	530,000
Clifford Yee Fong Eu	–	475,000	–	475,000
Leslie Kim Loong Mah	–	362,500	–	362,500
Employees				
KF Tan	–	150,000	–	150,000
Alice Suet Ying Wong	–	510,000	(310,000)	200,000
Eng Hock Lok	–	450,000	(250,000)	200,000
Vincent Boon Pian Lim	–	150,000	–	150,000
	–	2,627,500	(560,000)	2,067,500

Name	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option schemes to 30 June 2008	Aggregate options exercised since commencement of the option schemes to 30 June 2008	Aggregate options outstanding as at 30 June 2008
EYS ESOS 2006				
Directors				
Leslie Kim Loong Mah	225,000	450,000	–	450,000
Dr Jennifer Gek Choo Lee	80,000	160,000	–	160,000
Ian Wayne Spence	80,000	160,000	–	160,000
Malcolm Man-Chung Au	80,000	160,000	–	160,000
Employees				
KF Tan	200,000	380,000	–	380,000
Alice Suet Ying Wong	200,000	380,000	–	380,000
Eng Hock Lok	200,000	380,000	–	380,000
Vincent Boon Pian Lim	200,000	320,000	–	320,000
	1,265,000	2,390,000	–	2,390,000

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 comprises Richard Yee Ming Eu, Dr. Jennifer Gek Choo Lee, Ian Wayne Spence and Robert James Yee Sang Eu, 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 Directors of 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 such other share-based incentive scheme of the Company.

During the current financial year, no shares were awarded pursuant to EYS PSP.

Audit Committee

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

Ian Wayne Spence (Chairman)
Dr Jennifer Gek Choo Lee
Malcolm Man-Chung Au

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and review the internal auditors' evaluation of the adequacy of the Company's;
- Reviews the quarterly and annual financial statements and the auditors' 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 and compliance 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;
- 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 ("SGX-ST")'s 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 convened four meetings during the year with full attendance from all members. 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.

Auditors

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

On behalf of the Board of Directors:

Richard Yee Ming Eu
Director

Clifford Yee Fong Eu
Director

Singapore
22 September 2008

Statement by Directors

We, Richard Yee Ming Eu and Clifford Yee Fong Eu, 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 balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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 Yee Ming Eu
Director

Clifford Yee Fong Eu
Director

Singapore
22 September 2008

Independent Auditors' Report

to the Members of Eu Yan Sang International Ltd

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 46 to 127, which comprise the balance sheets of the Group and the Company as at 30 June 2008, the statements of changes in equity of the Group and the Company, the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 judgement, 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 and fair presentation of the financial statements 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 directors, 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,

(i) the consolidated financial statements of the Group and the balance sheet 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 state of affairs of the Group and of the Company as at 30 June 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries 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 Certified Public Accountants
Singapore
22 September 2008

Consolidated Income Statement

for the year ended 30 June 2008

	Note	2008 $'000	2007 $'000 (Restated)
CONTINUING OPERATIONS			
Revenue	3	208,504	181,204
Cost of sales		(103,941)	(90,204)
Gross profit		104,563	91,000
Other operating income		2,473	5,340
Distribution and selling expenses		(63,743)	(52,899)
Administrative expenses		(22,371)	(17,350)
Other operating expenses		(4,817)	(732)
Interest income	4	138	188
Interest expense	5	(1,031)	(806)
Profit before taxation	6	15,212	24,741
Tax expense	7	(4,993)	(5,175)
Profit after taxation		10,219	19,566
DISCONTINUED OPERATIONS	8		
Loss from discontinued operations	6	(5,295)	(4,855)
Profit for the year		4,924	14,711
Attributable to :			
Equity holders of the Company		4,940	14,720
Minority interest		(16)	(9)
		4,924	14,711
Earnings/(loss) per share (cents)	10		
- Basic - continuing operations		2.84	5.43
- Basic - discontinued operations		(1.47)	(1.35)
- Diluted - continuing operations		2.83	5.42
- Diluted - discontinued operations		(1.47)	(1.35)

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

Balance Sheets

as at 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	11	62,183	60,496	417	549
Investments in subsidiaries	12	–	–	52,942	21,180
Amount due from subsidiaries	21	–	–	15,743	15,427
Investments in associates	13	–	–	15	15
Long term investments	14	–	3,900	–	–
Investment properties	15	9,387	8,437	–	–
Goodwill	16	26	27	–	–
Intangible assets	17	–	–	–	–
Deferred tax assets	28	20	–	–	–
		71,616	72,860	69,117	37,171
Current assets					
Property held for sale	18	–	554	–	–
Assets held for sale	8	500	–	–	–
Inventories	19	48,565	38,931	–	–
Trade and other receivables	20	20,778	20,157	483	307
Prepaid expenses		580	1,385	11	407
Amounts due from subsidiaries	21	–	–	4,769	32,889
Amounts due from associates	22	30	41	30	41
Fixed bank deposits	23	1,604	2,711	–	–
Cash and bank balances	23	13,605	12,789	476	550
		85,662	76,568	5,769	34,194
Current liabilities					
Bank overdraft	25	451	41	–	–
Trade and other payables	24	28,261	26,299	1,356	2,160
Interest bearing loans and borrowings	25	33,814	21,097	31,550	20,997
Amounts due to subsidiaries	21	–	–	1,056	1,565
Hire purchase creditors	26	124	144	76	75
Tax payable		2,176	2,709	439	18
		64,826	50,290	34,477	24,815
Net current assets/(liabilities)		20,836	26,278	(28,708)	9,379

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

Balance Sheets

as at 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current liabilities					
Interest bearing loans and borrowings	25	–	4,000	–	4,000
Long term loans from minority shareholders of subsidiaries	27	124	59	–	–
Hire purchase creditors	26	324	415	215	291
Deferred tax liabilities	29	4,073	3,361	18	18
Provision for long service payments		74	82	–	–
		(4,595)	(7,917)	(233)	(4,309)
		87,857	91,221	40,176	42,241
Equity attributable to equity holders of the Company					
Share capital	30	34,931	34,919	34,931	34,919
Reserves	31	52,808	56,156	5,245	7,322
		87,739	91,075	40,176	42,241
Minority interest		118	146	–	–
Total equity		87,857	91,221	40,176	42,241

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

Statements of Changes in Equity

for the year ended 30 June 2008

Group	Share capital $'000	Asset revaluation reserve $'000	Capital reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Revenue reserve $'000	Total $'000	Minority interests $'000	Total equity $'000
	Attributable to equity holders of the Company								
At 1 July 2007	34,919	8,221	453	281	(6,354)	53,555	91,075	146	91,221
Revaluation surplus	–	3,858	–	–	–	–	3,858	–	3,858
Release upon disposal of building	–	(210)	–	–	–	255	45	–	45
Release upon liquidation of subsidiaries	–	–	–	–	1,053	–	1,053	–	1,053
Effect of exchange differences	–	–	–	–	(6,246)	–	(6,246)	(12)	(6,258)
Net income/(expenses) recognised directly in equity	–	3,648	–	–	(5,193)	255	(1,290)	(12)	(1,302)
Profit for the year	–	–	–	–	–	4,940	4,940	(16)	4,924
Total recognised income/(expense) for the year	–	3,648	–	–	(5,193)	5,195	3,650	(28)	3,622
Shares issued pursuant to the exercise of share options	12	–	–	–	–	–	12	–	12
Grant of share options to employees	–	–	–	210	–	–	210	–	210
Dividends, net (Note 9)	–	–	–	–	–	(7,208)	(7,208)	–	(7,208)
At 30 June 2008	34,931	11,869	453	491	(11,547)	51,542	87,739	118	87,857
At 1 July 2006	34,872	7,258	453	99	(4,447)	40,953	79,188	–	79,188
Effect of adopting FRS 40	–	(3,375)	–	–	–	3,375	–	–	–
Revaluation surplus	–	5,745	–	–	–	–	5,745	–	5,745
Release upon disposal of building	–	(1,407)	–	–	–	1,713	306	–	306
Effect of exchange differences	–	–	–	–	(1,907)	–	(1,907)	–	(1,907)
Net income/(expenses) recognised directly in equity	–	963	–	–	(1,907)	5,088	4,144	–	4,144
Profit for the year	–	–	–	–	–	14,720	14,720	(9)	14,711
Total recognised income/(expense) for the year	–	963	–	–	(1,907)	19,808	18,864	(9)	18,855
Shares issued pursuant to the exercise of share options	47	–	–	(4)	–	–	43	–	43
Grant of share options to employees	–	–	–	186	–	–	186	–	186
Dividends, net (Note 9)	–	–	–	–	–	(7,206)	(7,206)	–	(7,206)
Contribution from minority shareholder of subsidiaries	–	–	–	–	–	–	–	155	155
At 30 June 2007	34,919	8,221	453	281	(6,354)	53,555	91,075	146	91,221

Statements of Changes in Equity

for the year ended 30 June 2008

	Note	Share capital $'000	Share option reserve $'000	Revenue reserve $'000	Total $'000
Company					
At 1 July 2007		34,919	281	7,041	42,241
Profit for the year, represent total recognised income for the year		–	–	4,921	4,921
Shares issued pursuant to the exercise of share options		12	–	–	12
Grant of share options to employees		–	210	–	210
Dividends, net	9	–	–	(7,208)	(7,208)
At 30 June 2008		34,931	491	4,754	40,176
At 1 July 2006		34,872	99	13,163	48,134
Profit for the year, represent total recognised income for the year		–	–	1,084	1,084
Shares issued pursuant to the exercise of share options		47	(4)	–	43
Grant of share options to employees		–	186	–	186
Dividends, net	9	–	–	(7,206)	(7,206)
At 30 June 2007		34,919	281	7,041	42,241

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

Consolidated Statement of Cash Flow

for the year ended 30 June 2008

	Note	2008 $'000	2007 $'000 (Restated)
Cash flows from operating activities :			
Operating profit before taxation and minority interest			
- from continued operations		15,212	24,741
- from discontinued operations		(5,888)	(5,770)
Depreciation of property, plant and equipment		7,115	5,409
Depreciation of investment properties		–	18
Loss /(gain) on disposal of property, plant and equipment		7	(1,426)
Gain on disposal of Elixir Business		–	(1,406)
Gain on disposal of investment properties		(226)	(318)
Gain on disposal of property available for sale		(15)	–
Impairment of long term investments		3,898	–
Impairment of property, plant and equipment		2,428	–
Property, plant and equipment written off		895	101
Gain on disposal of interest in subsidiary		–	(15)
Foreign currency translation realignment		(2,520)	(1,078)
Impairment of goodwill		–	624
Loss on liquidation of YourHealth Group and subsidiaries		549	–
Fair value gain on revaluation of investment properties		(1,833)	(1,760)
Inventory written off		341	102
Allowance for inventory obsolescence		1,078	321
Writeback of allowance for inventory obsolescence		(140)	–
Long term investment written off		2	–
Bad debts written off		2	–
Interest expense		1,031	1,034
Interest income		(138)	(191)
Share-based payments		210	186
Operating income before reinvestment in working capital		22,008	20,572
Decrease/(increase) in trade and other receivables		193	(5,287)
Increase in inventories		(10,913)	(6,437)
Increase in trade and other payables		967	7,470
Cash generated from operations		12,255	16,318
Interest received		138	191
Interest paid		(1,031)	(1,034)
Income taxes paid		(4,104)	(4,812)
Net cash provided by operating activities		7,258	10,663

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

Consolidated Statement of Cash Flow

for the year ended 30 June 2008

	Note	2008 $'000	2007 $'000 (Restated)
Cash flows from investing activities :			
Purchase of property, plant and equipment (Note A)		(11,114)	(15,598)
Proceeds from sale of property, plant and equipment		73	3,995
Proceeds from sale of investment properties		1,038	3,467
Proceeds from sale of property available for sale		569	–
Acquisition of intangible assets		–	(27)
Net cash used in investing activities		(9,434)	(8,163)
Cash flows from financing activities :			
Proceeds from short-term loans		20,924	6,267
Repayment of bank loan		(12,207)	(2,533)
Payment of hire purchase creditors		(111)	(360)
Repayment of long term loan from minority shareholders of subsidiaries		(55)	(170)
Proceeds from share options exercised		12	43
Proceeds from loan from minority shareholders of subsidiaries		120	198
Dividends paid		(7,208)	(7,206)
Net cash used in financing activities		1,475	(3,761)
Net decrease in cash and cash equivalents		(701)	(1,261)
Cash and cash equivalents at beginning of the year		15,459	16,720
Cash and cash equivalents at end of the year	23	14,758	15,459

A. Purchase of property, plant and equipment

Aggregate cost of property, plant & equipment acquired (Note 11)	12,089	15,598
Less :		
Other payables	(975)	–
Cash payments to acquire property, plant and equipment	11,114	15,598

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 269A South Bridge Road, Singapore 058818.

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 associates are shown in Notes 12 and 13 to the financial statement respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet 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 a historical cost basis except for land and buildings and investment properties that have been measured at their fair values.

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

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

In the current financial year, the Group and the Company have adopted all of the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2007.

The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the accounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

The Group has adopted FRS 107, Financial Instruments: Disclosures and Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures) which are effective for annual periods beginning on or after 1 January 2007.

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

2.1 Basis of preparation (cont'd)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risk arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces the disclosure requirements in FRS 32, Financial Instruments: Disclosures and Presentation. The amendment to FRS 1 (revised) introduces new disclosures about the level of an entity's capital and how it manages capital.

The adoption of FRS 107 and the Amendment to FRS 1 (revised) are assessed to have no material financial impact on the financial results and the financial position of the Group and the financial position of the Company for the year ended 30 June 2008.

2.2 Future changes in accounting policies

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statements – Amendments relating to capital disclosures	1 January 2008
FRS 1	Presentation of Financial Statements – Revised presentation	1 January 2009
FRS 23	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 112	Service Concession Arrangements	1 January 2008
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

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

2.2 Future changes in accounting policies (cont'd)

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 – Presentation of Financial Statements requires the separation of owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements. The Company will apply the revised FRS 1 from annual period beginning 1 July 2009.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

INT FRS 113 Customer Loyalty Programmes

The interpretation addresses accounting for loyalty award credits granted to customers who buy other goods or services, and the accounting for the entity's obligations to provide free or discounted goods or services to customers when the award credits are redeemed.

Loyalty awards should be viewed as separately identifiable goods or services for which customers are implicitly paying and measured based on the allocated proceeds which represent the value of the award credits. The proceeds allocated to the award credits are deferred until the entity fulfils its obligations by supplying the fee or discounted goods or services upon the redemption of the award credits.

As the Group currently has no customer loyalty award credits, INT FRS 113 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

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

2.3 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amount recognised in the financial statements:

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement 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. The carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 30 June 2008 was $2,176,000 (2007: $2,709,000), $20,000 (2007: $Nil) and $4,073,000 (2007: $3,361,000) respectively.

Operating lease commitments – As lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

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

2.3 Significant accounting estimates and judgements (cont'd)

(a) *Judgements made in applying accounting policies (cont'd)*

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

<u>Impairment of available-for-sale financial assets</u>

The Group classifies certain assets as available-for-sale financial assets. Management exercises judgement based on the observable data relating to the possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in the income statement. For the financial year ended 30 June 2008, the amount of impairment loss recognised for available-for-sale financial assets was $3,898,000 (2007: $Nil).

(b) *Key source of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

<u>Useful lives of property, plant and equipment</u>

Property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be 3 - 50 years. The carrying amount of the Group's property, plant and equipment at 30 June 2008 was $62,183,000 (2007 : $60,496,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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

2.3 Significant accounting estimates and judgements (cont'd)

(b) *Key source of estimation uncertainty (cont'd)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting data. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill, are given in Note 16 to the financial statements.

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 36 to the financial statements.

Fair value of employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 32 to the financial statements.

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

2.4 Subsidiaries and basis of consolidation

(a) *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

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

(b) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully 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.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.15.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

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

2.4 Subsidiaries and basis of consolidation (cont'd)

(c) *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.5 Associates

An associate is an entity, not being a subsidiary, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

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

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

2.5 Associates (cont'd)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

2.6 Functional and foreign currency

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company and the Group operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in the respective functional currencies of the Company and its subsidiaries.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement.

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

2.6 Functional and foreign currency (cont'd)

(c) *Foreign currency translation*

For the purpose of the presentation of financial statements, assets and liabilities of the foreign subsidiaries' are translated into Singapore dollars at the exchange rate ruling at balance sheet date while share capital and reserves are translated at the historical rate of exchange. Revenue and expenses are translated at average exchange rates for the year, which approximate the exchange rates at the dates of transactions. All resultant exchange differences are taken directly to equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the income statement as a component of the gain or loss on disposal.

2.7 Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods/services*

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

(b) *Rental income*

Rental income is recognised on a time proportion basis over the lease terms.

(c) *Interest income*

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

(d) *Dividend income*

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

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. 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 balance sheet date.

Any revaluation surplus is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in income statement, 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 whole of 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on the straight line method to write off the cost or valuation of property, plant and equipment over their estimated useful lives. The estimated useful lives of the property, plant and equipment are as follows :

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

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

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

2.8 Property, plant and equipment (cont'd)

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 values, useful life and depreciation method are reviewed annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

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 the income statement in the year the asset is derecognised.

2.9 Investment properties

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the income statement 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 gains or losses on the retirement or disposal of an investment property are recognised in the income statement 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 2.8 up to the date of change in use.

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

2.10 Property held for sale

Property is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale and its sale must be highly probable.

Property held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

2.11 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 such indication exists, or when 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 to sell 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 groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the income statement through the 'Administrative expenses' line item.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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. 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 be recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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

2.12 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) *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. Such assets are initially recognised at fair values, plus directly attributable transaction costs. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- cash and bank balances, fixed bank deposits; and
- trade and other receivables, including due from subsidiaries and associate

They are included in current assets, except those with maturities later than 12 months after the balance sheet date which are classified as non-current assets.

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

2.12 Financial assets (cont'd)

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses.

2.13 Long term investments

Long term investments are classified as available-for-sale financial assets. The accounting policy for the financial asset is stated in Note 2.12.

2.14 Intangible assets

Patents and trademarks

Costs relating to patents and trademarks, which are acquired, are capitalised and amortised on a straight-line basis over the estimated useful lives of 5 to 15 years. They are assessed for impairment whenever there is an indication that the patents and/ or trademarks may be impaired.

The amortisation period and method are reviewed at each financial year-end. The amortised expense is recognised in the income statement through the "Administrative expenses" line item.

Research costs

Research costs are expensed as incurred.

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

2.15 Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that 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 values of the operation disposed of and the portion of the cash-generating unit retained.

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 at the balance sheet date.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in-first-out basis and includes freight and handling charges. In the case of finished products, costs includes direct labour and attributable production overheads based on a normal level of activity. Net realisable value is the estimated selling price less estimated costs necessary to make the sale and after making allowance for damaged, obsolete and slow-moving items.

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

2.17 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.18 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

2.19 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

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

2.20 Provisions

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

Provisions are reviewed at each balance sheet date 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.

2.21 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or Group of financial assets is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

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. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

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

2.21 Impairment of financial assets (cont'd)

(b) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment loss in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.22 Employee benefits

(i) *Employee leave entitlement*

Employee entitlements to annual leave are recognised 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 balance sheet date.

(ii) *Defined contribution plan*

As required by law, the Group's companies in Singapore and certain overseas subsidiaries make contributions to the state pension funds of the respective countries. Such contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

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

2.22 Employee benefits (cont'd)

(iii) *Employment Ordinance long service payments*

Certain of the Group's employees 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 balance sheet date.

(iv) *Employee share option plan*

The Company 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 the income statement, 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 the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

2.23 Leases

(a) *As Lessee*

Finance leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at amounts equal, at the inception of the lease, to the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the income statement 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.

2.24 Taxation

(i) *Current tax*

Current 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 by the balance sheet date.

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

2.24 Taxation (cont'd)

(ii) *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable 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, associated companies 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 income tax assets are recognised for all deductible temporary differences, 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 income 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, associated companies 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 income tax assets is reviewed at each balance sheet date 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

2.24 Taxation (cont'd)

(ii) *Deferred tax (cont'd)*

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) *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 balance sheet.

2.25 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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

2.26 Share capital and share issue 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.

2.27 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

2.28 Contingencies

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.29 Cash and cash equivalents

Cash and cash equivalents comprise cash 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. These also include bank overdrafts that form an integral part of the Group's cash management.

2.30 Non-current assets held for sale and discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. A component is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) are measured in accordance with the applicable FRS. Upon classification as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

3. Revenue

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

Revenue is analysed as follows :

	Group	
	2008	2007
	$'000	$'000 (Restated)
Sales of goods	194,541	168,205
Medical centre income	13,683	12,633
Rental income	280	366
	208,504	181,204

4. Interest income

	Group					
	Continuing operations		Discontinued operations		Total	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Interest earned from fixed bank deposits	138	188	–	3	138	191

5. Interest expense

Interest on bank overdrafts	1	3	–	–	1	3
Interest on hire purchase	22	37	–	–	22	37
Interest on loans and borrowings	1,008	766	–	228	1,008	994
	1,031	806	–	228	1,031	1,034

6. Profit before taxation/loss from discontinued oprations

Profit before taxation and loss from discontinued operations are stated after charging/(crediting) :

	Group					
	Continuing operations		Discontinued operations		Total	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Depreciation of property, plant and equipment	6,643	4,706	472	703	7,115	5,409
Depreciation of investment properties	–	18	–	–	–	18
Foreign exchange gains	(169)	(79)	–	–	(169)	(79)
Foreign exchange losses	965	182	–	–	965	182
Loss /(gain) on disposal of property, plant and equipment	7	(1,426)	–	–	7	(1,426)
Gain on disposal of Elixir Business	–	(1,406)	–	–	–	(1,406)
Gain on dilution of interest in a subsidiary	–	(15)	–	–	–	(15)
Impairment of goodwill	–	624	–	–	–	624
Property, plant and equipment written off	895	44	–	57	895	101
Directors' fee	169	154	–	–	169	154
Directors' emoluments :						
- Directors of Company	1,274	1,424	–	–	1,274	1,424
- Other Directors of subsidiaries	720	894	–	–	720	894
Allowance for doubtful receivables						
- trade	1	17	–	–	1	17
Bad debts written off	2	–	–	–	2	–
Inventory written off	341	102	–	–	341	102
Share-based payment expense	210	186	–	–	210	186
Gain on disposal of investment property	(226)	(318)	–	–	(226)	(318)
Gain on disposal of property held for sale	(15)	–	–	–	(15)	–
Write back of allowance for inventory obsolescence	(140)	–	–	–	(140)	–
Allowance for inventory obsolescence	1,078	321	–	–	1,078	321
Fair value gain on investment properties	(1,833)	(1,760)	–	–	(1,833)	(1,760)
Loss on liquidation of subsidiaries	–	–	548	–	549	–
Impairment of long term investments	3,898	–	–	–	3,898	–
Impairment of property, plant and equipment	–	–	2,428	–	2,428	–
Long term investment written off	–	–	2	–	2	–

7. Tax expense

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

	Group	
	2008	**2007**
	$'000	**$'000**
Continuing operations		
Current income tax		
Current income taxation	2,885	4,097
Under/ (over) provision in respect of previous years	460	(94)
Deferred taxation		
Movement in temporary differences	1,648	1,172
	4,993	5,175
Discontinued operations		
Current income tax	(593)	(915)
	4,400	4,260

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to profit before taxation was as follows :

Profit from continuing operations before taxation	15,212	24,741
Loss from discontinued operations before taxation	(5,888)	(5,770)
Profit before taxation for the year	9,324	18,971
Tax at the domestic rates applicable to profits of entities in the Group in the countries where the Group operates;	2,211	3,782
Adjustments:		
Expenses not deductible for tax purposes	2,979	2,667
Income not subject to taxation	(925)	(2,663)
Deferred tax assets not recognised	254	615
Utilisation of previous years' tax losses and unabsorbed capital allowances	(185)	(74)
Under/(over) provision in prior years	460	(94)
Others	(394)	27
	4,400	4,260

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

7. Tax expense (cont'd)

As at 30 June 2008, certain subsidiaries have unutilised tax losses amounting to approximately $2,295,000 (2007 : $2,379,000) available for setting-off against future taxable profit subject to the regulations and agreements by the relevant tax authorities. Deferred tax assets have not been recognised with regards to the tax losses as it is not probable that sufficient taxable profits will be available to allow part or all the carry forward tax losses to be utilised.

8. Discontinued operations

YourHealth Group Pty Ltd and its subsidiaries ("YourHealth Group")

On 18 January 2007, the Company announced that Yourhealth Group had been placed under voluntary administration in view of better return to the creditors. This exercise has been completed during the current financial year. Subsequently, YourHealth Group has been placed under liquidation.

Red White and Pure Pte Ltd ("RWP") and RWP Food Services Pte Ltd ("RWPFS")

The principal activities of RWP and RWPFS are that of retail of beauty products, provision of beauty services and retail of food and beverage. During the financial year, RWPFS transferred all its plants and equipment to RWP at a net book value, amounting to $297,960. Subsequently, on 8 May 2008, the Directors announced that RWP had, on that date, entered into a Sale and Purchase Agreement with Sanctuary Spa Group Pte Ltd for the sale of entire business assets held by RWP for a sale consideration of $500,000. The Directors are of the unanimous view that the disposal represents good and timely opportunity. RWP and RWPFS have been incurring operating losses of $2,892,000 for the financial year ended 30 June 2007. The Directors believe that the future prospect of RWP and RWPFS are uncertain. The sale transaction is expected to be completed by October 2008.

Elixir Business

The disposal in prior year was related to the disposal of the Elixir Business, which was reported in the other segment previously.

8. Discontinued operations (cont'd)

The major classes of assets and liabilities of the discontinued operations are as follows:

	YourHealth Group		Red White and Pure Pte Ltd		RWP Food Services Pte Ltd		Elixir business		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	–	–	500	–	–	–	–	174	500	174
Inventories	–	–	–	–	–	–	–	386	–	386
Patents, trademark etc	–	–	–	–	–	–	–	256	–	256
Assets being disposed of	–	–	–	–	–	–	–	816	–	816
Assets classified as held for sale	–	–	500	–	–	–	–	–	500	–
Carrying value of net asset directly associated with the disposed Group	–	–	–	–	–	–	–	816	–	816
Gain on disposal	–	–	–	–	–	–	–	1,406	–	1,406
Total consideration, satisfied by receipt of unquoted shares	–	–	–	–	–	–	–	2,222	–	2,222
Net cash inflow on disposal of business	–	–	–	–	–	–	–	–	–	–

8. Discontinued operations (cont'd)

The results attributable to the discontinued operations for the financial year are presented as below:

	YourHealth Group		Red White and Pure Pte Ltd		RWP Food Services Pte Ltd		Elixir business		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	2,522	9,557	41	450	163	253	–	1,851	2,726	12,111
Cost of sales	(1,740)	(5,820)	(15)	(431)	(113)	(175)	–	(545)	(1,868)	(6,971)
Gross profit	782	3,737	26	19	50	78	–	1,306	858	5,140
Other operating income	530	5	–	22	38	1	–	–	568	28
Distribution and selling expenses	(692)	(3,764)	(1,285)	(1,506)	(651)	(806)	–	(1,176)	(2,628)	(7,252)
Administrative expenses	(1,169)	(1,095)	(969)	(1,400)	(120)	(218)	–	(748)	(2,258)	(3,461)
Loss recognised on re-measurement to fair value less costs to sell	–	–	(2,428)	–	–	–	–	–	(2,428)	–
Loss from operations	(549)	(1,117)	(4,656)	(2,865)	(683)	(945)	–	(618)	(5,888)	(5,545)
Interest income	–	–	–	3	–	–	–	–	–	3
Finance costs	–	(133)	–	–	–	–	–	(95)	–	(228)
Loss from discontinued operation before tax	(549)	(1,250)	(4,656)	(2,862)	(683)	(945)	–	(713)	(5,888)	(5,770)
Taxation	–	–	462	703	131	212	–	–	593	915
Loss for the year from discontinued operations	(549)	(1,250)	(4,194)	(2,159)	(552)	(733)	–	(713)	(5,295)	(4,855)
The cash flows attributable are as follows :										
Operating	(549)	(1,250)	(2,097)	(2,346)	(635)	(852)	–	(716)	(3,281)	(5,164)
Investing	–	–	(319)	(3,404)	(27)	(349)	–	–	(346)	(3,753)
Financing	–	–	–	–	–	–	–	–	–	–
Net cash outflows	(549)	(1,250)	(2,416)	(5,750)	(662)	(1,201)	–	(716)	(3,627)	(8,917)

9. Dividends

	Group and Company	
	2008	2007
	$'000	$'000
Declared and paid during the year		
First and final dividend for 2007 of 1.0 cent per share tax exempt one tier (2006 : 1.0 cent per share tax exempt one tier)	3,604	3,603
Special dividend for 2007 of 1.0 cent per share tax exempt one tier (2006 : 1.0 cent per share tax exempt one tier)	3,604	3,603
	7,208	7,206

The Directors have proposed that a first and final dividend of 1.0 cent per share and a special dividend of 1.0 cent per share, to be paid for in respect of the current financial year. This dividend will be recorded as a liability on the balance sheets of the Group and of the Company upon approval by the shareholders of the Company at the forthcoming Annual General Meeting of the Company.

10. Earnings/(loss) per share

(a) *Continuing operations*

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue, adjusted for the effect of dilutive share options during the financial year.

	Group	
	2008	2007
	$'000	$'000
Profit for the year attributable to ordinary equity holders of the Company	4,940	14,720
Add : Loss from discontinued operation attributable to ordinary equity holders of the Company	5,295	4,855
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic earnings per share	10,235	19,575

10. Earnings/(loss) per share (cont'd)

	'000	'000
Weighted average number of ordinary shares for computing of basic earnings per share	360,407	360,379
Effect of dilution - share options	653	1,196
Weighted average number of ordinary shares adjusted for the effect of dilution	361,060	361,575

	Cents	Cents
Basic earnings per share		
- continuing operations	2.84	5.43
- discontinued operations	(1.47)	(1.35)
Diluted earnings per share		
- continuing operations	2.83	5.41
- discontinued operations	(1.47)	(1.34)

(b) Discontinued operations

The basic and diluted earnings per share from discontinued operations are calculated by dividing the "loss from discontinued operation attributable to ordinary equity holders of the Company" by the "weighted average number of ordinary shares for basic earnings and loss per share computation" and "weighted average number of ordinary shares adjusted for the effect of dilution" respectively. These income statement and share data are presented above in caption (a) of this Note.

11. Property, plant and equipment

Group	Freehold land $'000	Freehold building $'000	Long-term leasehold land $'000	Long-term leasehold building $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Renovations $'000	Plant and machineries $'000	Construction in progress $'000	Total $'000
Cost and valuation										
At 1 July 2006	2,527	1,225	17,707	10,551	25,496	2,390	4,938	2,099	9,455	76,388
Additions	–	–	–	–	7,536	230	4,676	184	2,972	15,598
Disposals	–	–	(1,613)	(807)	(2,756)	(648)	(165)	–	–	(5,989)
Disposal of Elixir business	–	–	–	–	(346)	–	(518)	–	–	(864)
Written off	–	–	–	–	(296)	–	(219)	(286)	–	(801)
Transfer to investment properties	(479)	(181)	(2,010)	(1,139)	–	–	–	–	–	(3,809)
Transfer to properties available for sale	–	–	(343)	(211)	–	–	–	–	–	(554)
Transfer	–	–	–	12,047	–	–	–	–	(12,047)	–
Gain on valuation	271	59	1,712	3,703	–	–	–	–	–	5,745
Write back on revaluation	–	(45)	(131)	(130)	–	–	–	–	–	(306)
Foreign currency translation adjustment	7	46	236	323	(647)	21	114	42	(258)	(116)
At 30 June 2007 and 1 July 2007	2,326	1,104	15,558	24,337	28,987	1,993	8,826	2,039	122	85,292
Additions	–	–	586	18	6,508	218	4,323	436	–	12,089
Disposals	–	–	–	–	(631)	(184)	–	–	–	(815)
Written off	–	–	–	–	(1,958)	–	(1,965)	(48)	–	(3,971)
Transfer	–	–	–	–	(89)	–	207	–	(118)	–
Transfer to assets held for sale	–	–	–	–	(341)	–	(274)	–	–	(615)
Gain on valuation	56	34	2,473	1,704	–	–	–	–	–	4,267
Write back on revaluation	–	(25)	–	(354)	–	–	–	–	–	(379)
Foreign currency translation adjustment	(126)	(63)	(237)	(1,468)	(1,936)	(70)	(1,002)	(162)	(4)	(5,068)
At 30 June 2008	2,256	1,050	18,380	24,237	30,540	1,957	10,115	2,265	–	90,800
Representing -										
Cost	–	–	–	–	30,540	1,957	10,115	2,265	–	44,877
Valuation	2,256	1,050	18,380	24,237	–	–	–	–	–	45,923
	2,256	1,050	18,380	24,237	30,540	1,957	10,115	2,265	–	90,800

11. Property, plant and equipment (cont'd)

Group	Freehold land $'000	Freehold building $'000	Long-term leasehold land $'000	Long-term leasehold building $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Renovations $'000	Plant and machineries $'000	Construction in progress $'000	Total $'000
Accumulated depreciation and impairment										
At 1 July 2006	–	20	–	35	18,883	1,075	2,980	1,698	–	24,691
Charge for the year	–	24	254	150	3,403	352	1,175	51	–	5,409
Disposals	–	–	(29)	(15)	(2,844)	(432)	(100)	–	–	(3,420)
Disposal of Elixir business	–	–	–	–	(285)	–	(406)	–	–	(691)
Written off	–	–	–	–	(212)	–	(207)	(281)	–	(700)
Write back on revaluation	–	(45)	(131)	(130)	–	–	–	–	–	(306)
Foreign currency translation adjustment	–	1	(2)	(6)	(276)	(2)	64	34	–	(187)
At 30 June 2007 and 1 July 2007	–	–	92	34	18,669	993	3,506	1,502	–	24,796
Charge for the year	–	25	–	354	4,345	332	1,994	65	–	7,115
Disposals	–	–	–	–	(575)	(160)	–	–	–	(735)
Written off	–	–	–	–	(1,597)	–	(1,431)	(48)	–	(3,076)
Transfer to assets held for sales	–	–	–	–	(63)	–	(52)	–	–	(115)
Impairment	–	–	–	–	284	–	2,144	–	–	2,428
Write back on revaluation	–	(25)	62	(354)	–	–	–	–	–	(317)
Foreign currency translation adjustment	–	–	(9)	–	(1,224)	(34)	(108)	(104)	–	(1,479)
At 30 June 2008	–	–	145	34	19,839	1,131	6,053	1,415	–	28,617
Net carrying value										
At 30 June 2008	2,256	1,050	18,235	24,203	10,701	826	4,062	850	–	62,183
At 30 June 2007	2,326	1,104	15,466	24,303	10,318	1,000	5,320	537	122	60,496

11. Property, plant and equipment (cont'd)

	Furniture, fittings and equipment $'000	Motor vehicles $'000	Renovations $'000	Total $'000
Company				
Cost				
At 1 July 2006	452	1,168	83	1,703
Additions	59	–	–	59
Disposal	(14)	(439)	–	(453)
At 30 June 2007 and 1 July 2007	497	729	83	1,309
Additions	87	–	–	87
Disposal	(109)	–	–	(109)
At 30 June 2008	475	729	83	1,287
Accumulated depreciation				
At 1 July 2006	338	439	39	816
Charge for the year	58	178	8	244
Disposal	(9)	(291)	–	(300)
At 30 June 2007 and 1 July 2007	387	326	47	760
Charge for the year	62	146	8	216
Disposal	(106)	–	–	(106)
At 30 June 2008	343	472	55	870
Net carrying value				
At 30 June 2008	132	257	28	417
At 30 June 2007	110	403	36	549

(i) *Revaluation of freehold, leasehold land and building*

The Group and the Company have engaged CB Richard Ellis, W.M. Malik & Kamaruzaman and Prudential Surveyors International Ltd, independent professional valuers, to determine the fair value of its freehold, leasehold land and building. Fair value is determined by reference to open market values on an existing use basis. The date of the valuation was 30 June 2008.

11. Property, plant and equipment (cont'd)

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

	Group	
	2008	2007
	$'000	$'000
Freehold land	1,362	1,362
Freehold buildings	475	492
Leasehold land	2,087	1,575
Leasehold buildings	15,594	15,989
	19,518	19,418

The Group's major properties are as follows :

	Location	Description	Land 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

11. Property, plant and equipment (cont'd)

	Location	Description	Land area (sq ft)	Tenure
(g)	Lot No. LG15, Lower Ground Floor, The Summit, Subang, Malaysia	Shop	778	Freehold
(h)	269 South Bridge Road, Singapore	Shop/office	15,048	Lot 99871A – 999 years from 1 October 1823 (814 years remaining); Lot 99869K, 99868A & 99866P – 999 years from 1 October 1827 (818 years remaining)
(i)	265A South Bridge Road, Singapore	Shop/office	1,408	999 years from 1 October 1823 (814 years remaining)
(j)	273 & A South Bridge Road, Singapore	Shop/office	5,207	999 years from 1 October 1823 (814 years remaining)
(k)	No. 2 Persiaran 1/118C, Desu 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, Desu 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

11. Property, plant and equipment (cont'd)

	Location	Description	Land 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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(ii) Net book value of property, plant and equipment under hire purchase	455	538	257	403

12. Investments in subsidiaries

	Company	
	2008 $'000	2007 $'000
Unquoted shares, at cost	24,865	24,865
Less : Impairment loss	(3,685)	(3,685)
	21,180	21,180
Amount due from subsidiaries [1]	31,762	–
	52,942	21,180

[1] Amounts due from subsidiaries are unsecured and non-trade in nature and relates to dividend receivable from the subsidiaries. During the financial year ended 30 June 2008, the management redesignated the amounts due from subsidiaries as indirect capital contribution by the Company as part of the Group funding structure. Accordingly, the amount is recorded at cost as the fair value could not be determined.

12. Investments in subsidiaries (cont'd)

The subsidiaries at 30 June are :-

	Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2008 %	2007 %
#	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 and other 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 Medical Services Limited	Hong Kong	Dormant	100	100

12. Investments in subsidiaries (cont'd)

	Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2008 %	2007 %
++	Eu Yan Sang (Australia) Pty Ltd	Australia	Investment holdings, distribution and sale of traditional Chinese and other medicine	100	100
#	Red White & Pure Pte. Ltd.	Singapore	Distribution and sale of skin care products, provision of lifestyle clinic and spa services	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
#	iGates BioInnovation Pte. Ltd.	Singapore	Developing iGates, on advanced technology to decipher chemical components in traditional Chinese medicine	51	–
	Held by subsidiaries				
#	EYS Ventures Pte Ltd	Singapore	Dormant	100	100
#	RWP Food Services Pte. Ltd.	Singapore	Food & beverages	100	95
**	Vistern Health Sdn. Bhd.	Malaysia	Importation, distribution and sale of honey traditional Chinese medicine products	75	75

12. Investments in subsidiaries (cont'd)

	Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2008 %	2007 %
*	Eu Yan Sang (China Ventures) Limited	Hong Kong	Investment holdings	100	100
*	Top Lot Limited	Hong Kong	Dormant	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	Importation, manufacturing distribution and sale of bottled bird's nests, canned drinks and packaged foods	90	90
*	Eu Yan Sang Medical Services Limited	Hong Kong	Dormant	100	–
*	Pronature (Hong Kong) Limited	Hong Kong	Sale of health food and beverages	100	–
▲	Aroma Fresh Pty Ltd	Australia	Dormant	–	51
^	YourHealth Group Pty Ltd	Australia	Investment holdings and provision of management services	–	78.7
^	YourHealth Manly Pty Limited	Australia	Provision of integrative medical services	–	78.7
^	YourHealth Edgecliff Pty Limited	Australia	Provision of integrative medical services	–	78.7
^	YourHealth Carina Pty Limited	Australia	Provision of integrative medical services	–	78.7

12. Investments in subsidiaries (cont'd)

	Name of company	Country of incor-poration and place of business	Principal activities	Percentage of equity held by the Group 2008 %	2007 %
^	YourHealth Camberwell Pty Limited	Australia	Provision of integrative medical services	–	78.7
++	Botanical Health Resources, 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
++	Eu Yan Sang Trading (Guangdong) Co. Ltd	People's Republic of China	Wholesale, import and export of tea leaves	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

Audited by Ernst & Young LLP, Singapore
* Audited by Ernst & Young, Hong Kong
** Audited by Ernst & Young, Malaysia
+ Audited by EX-CL Consulting Business Co., Ltd
++ Not required to be audited by law of country of incorporation
▲ The subsidiary has been strike off.
^ These subsidiaries have been placed under liquidation.

13. Investments in associated companies

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	15	111	15	15
Share of post-acquisition losses of associated companies	–	(58)	–	–
Impairment loss	(15)	(51)	–	–
Currency alignment	–	(2)	–	–
	–	–	15	15

The associated companies as at 30 June are :

	Name of company	Country of incor-poration and place of business	Principal activities	Percentage of equity held by the Group 2008 %	2007 %
	Held by a subsidiary company				
	Chengdu Hua Sheng He Enterprise Company (liquidated)	People's Republic of China	Dormant	–	50
^ +	Orion Corporate Health Pty Ltd	Australia	Dormant	–	39
#	EYS KangHong Herbal Pte Ltd	Singapore	Dormant	50	50

\# Audited by Ernst & Young LLP, Singapore
\+ Not required to be audited by law of country of incorporation.
^ These subsidiaries have been placed under liquidation.

The Group has not recognised losses relating to share of losses in associates which exceeds the Group's interest. The Group's cumulative share of unrecognised losses at the balance sheet date was $11,000 (2007: $5,000), of which $6,000 (2007: $5,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

13. Investments in associated companies (cont'd)

The summarised financial information of the associated companies are as follows :

	Group	
	2008	**2007**
	$'000	**$'000**
Assets and liabilities :		
Current assets	13	45
Non-current assets	–	1
Total assets	13	46
Current liabilities	35	47
Non-current liabilities	–	3
Total liabilities	35	50
Results :		
Revenue	–	–
Loss for the year	(13)	(10)

14. Long term investments

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Available-for-sale financial assets				
Unquoted shares, at cost	8,200	8,200	4,300	4,300
Impairment loss	(8,198)	(4,300)	(4,300)	(4,300)
Written off	(2)	–	–	–
	–	3,900	–	–

15. Investment properties

	Group 2008 $'000	Group 2007 $'000
Balance at beginning of the year	8,437	6,035
Gains from fair value adjustments recognised in the :		
- income statement	1,833	1,760
- depreciation	–	(18)
Transfer from owner occupied properties	–	3,809
Disposal	(812)	(3,149)
Currency alignment	(71)	–
Balance at end of the year	9,387	8,437

Investment properties are stated at fair value, which had been determined based on valuation as at 30 June 2008 performed by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuations were arrived at by reference to market evidence of transaction prices for similar properties.

As disclosed in Note 3, the property rental income earned by the Group for the financial year ended 30 June 2008 from its investment properties, all of which are leased under operating leases, amounted to $229,000 (2007 : $366,000). Direct operating expenses (including repairs and maintenance) arising on the rental earning investment properties amounted to $146,000 (2007 : $142,000).

15. Investment properties (cont'd)

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

Description	Tenure of land	Fair value 2008 $'000	Fair value 2007 $'000
265B&C South Bridge Road, Singapore	999 years lease from 1 October 1823 (814 years remaining)	4,189	3,367
273B&C South Bridge Road, Singapore	999 years lease from 1 October 1823 (814 years remaining)	4,713	3,702
Lot B1-36 Lower Ground Floor, Skudai Parade, Senai Expressway, Johor Bahru, Johor, Malaysia	Freehold	157	166
Lot No. LG-15, Lower Ground Floor, The Summit Shopping Complex, Jalan Kemajuan, USJ1, UEP Subang Jaya Selangor, Malaysia	Freehold	–	312
No. 12-J-G, 12-J-1 and 12-J-2, Jalan Tun Dr Awang Bandar Bukit Jambul, Penang, Malaysia	Freehold	328	348
Unit C 2nd Floor, Sunview Industrial Building, No. 3 On Yip Street, Chai Wan, Hong Kong	75 years lease from 1 January 1963 (30 years remaining)	–	542
		9,387	8,437

16. Goodwill

	Group 2008 $'000	Group 2007 $'000
Balance at beginning of the year	27	624
Goodwill arising from customer base transferred from Dual Network Sdn. Bhd., an entity in which a subsidiary's minority shareholder has an interest	–	27
Impairment loss	–	(624)
Currency realignment	(1)	–
Balance at end of the year	26	27

Goodwill arising from customer base transferred from Dual Network Sdn. Bhd. has been allocated to the cash-generating unit, namely Vistern Health Sdn. Bhd. for impairment testing. The recoverable amount of goodwill arising from the business acquisition is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a 5 years period.

The discount rate applied to the cash flow projections is 6% (2007: 6%). The growth rate used to extrapolate the cash flows is 6% (2007: 6%). Management determined the budgeted growth rate based on past experience and its expectation for market development. The discount rate used is pre-tax and reflect specific risk relating to the subsidiaries.

17. Intangible assets

Intangible assets represent patents and trademarks stated at purchased cost less accumulated amortisation.

	Group 2008 $'000	Group 2007 $'000
At cost :		
Balance at beginning of the year	–	329
Disposal during the year	–	(319)
Currency realignment	–	(10)
Balance at end of the year	–	–

17. Intangible assets (cont'd)

	Group 2008 $'000	Group 2007 $'000
Accumulated amortisation :		
Balance at beginning of the year	–	66
Disposal during the year	–	(63)
Currency realignment	–	(3)
Balance at end of the year	–	–
Net carrying value at end of year	–	–

18. Property held for sale

	Group 2008 $'000	Group 2007 $'000
Transfer from property, plant and equipment	–	554

19. Inventories

	Group 2008 $'000	Group 2007 $'000
At cost :		
Raw materials	4,232	1,564
Work-in-progress	4,468	4,239
Packaging materials	225	243
Finished goods	26,973	14,910
	35,898	20,956
At net realisable value :		
Finished goods	12,667	17,975
Inventories stated at lower of cost and net realisable value	48,565	38,931
Finished goods are stated after deducting allowance for stock obsolescence of	1,426	488

20. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	7,124	7,150	–	–
Bills receivables	1,805	2,694	–	–
Allowance for doubtful receivables	(553)	(599)	–	–
	8,376	9,245	–	–
Other receivables				
Deposits	10,946	9,153	1	1
Tax recoverable	789	1,026	–	–
Sundry receivables	668	734	482	306
	12,403	10,913	483	307
Allowance for doubtful receivables	(1)	(1)	–	–
	12,402	10,912	483	307
Trade and other receivables	20,778	20,157	483	307

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 represents their fair values on initial recognition.

Trade receivables are denominated in the following currencies :

	Group	
	2008	2007
	$'000	$'000
Hong Kong Dollars	6,094	6,597
Malaysian Ringgit	1,560	1,771
Singapore Dollars	616	717
Australian Dollars	71	160
New Taiwan Dollars	35	–
	8,376	9,245

20. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $3,016,000 (2007: $3,472,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2008	**2007**
	$'000	**$'000**
Trade receivables past due:		
Less than 1 month	2,187	2,620
More than 1 month less than 3 months	639	440
More than 3 months	190	412
	3,016	3,472

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Trade receivables – nominal amounts	553	599
Less: Allowance for doubtful receivables	(553)	(599)
	–	–
Movement in allowance for doubtful receivables (trade) are as follows:		
At 1 July	599	581
Allowance for the year	1	17
Exchange differences	(47)	1
At 30 June	553	599

21. Amounts due from/(to) subsidiaries

	Company 2008 $'000	Company 2007 $'000
Due from subsidiaries		
Amounts owing by subsidiaries	29,465	39,961
SGD loans to subsidiaries (unsecured)		
(i) Bears interest at 4.0% (2007: 4.0%) per annum and repayable over 4 years commencing March 2006	–	240
(ii) Bears interest at 4.0% (2007: 4.0%) per annum and repayable over 4 years commencing July 2006	–	1,290
(iii) Bears interest at 6% (2007: 4.0%) per annum and repayable over 4 years commencing July 2006	–	2,724
(iv) Bears interest between 3.05% to 4.11% (2007 : 1.9% to 7.0%) per annum and have no fixed terms of repayment	8,023	14,285
	37,488	58,500
Allowance for doubtful receivables	(16,976)	(10,184)
	20,512	48,316
Made up of:		
Current	4,769	32,889
Non-current	15,743	15,427
	20,512	48,316

The amounts owing by subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are expected to be settled in cash.

Due to subsidiaries

The amounts owing to subsidiaries are unsecured, bear interest at 2.71% to 3.8% (2007: 3.05% to 4.69%) and are repayable on demand.

22. Amounts due from associates

The amounts owing by associates are unsecured, interest-free and have no fixed terms of repayment. The amounts are expected to be settled in cash.

23. Cash and cash equivalents

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

	Group	
	2008	**2007**
	$'000	**$'000**
Cash and bank balances	13,605	12,789
Bank overdrafts (note 25)	(451)	(41)
Fixed bank deposits	1,604	2,711
	14,758	15,459

Cash and short term deposits are denominated in the following currencies :

Hong Kong Dollars	8,207	8,847
Singapore Dollars	4,666	3,309
Malaysian Ringgit	1,955	2,280
Indonesian Rupiah	184	156
Australian Dollars	140	842
New Taiwan Dollars	53	47
Thai Baht	3	19
United States Dollars	1	–
	15,209	15,500

Cash at banks earns interest at floating rates of 0% to 5.32% (2007 : 0.25% to 3.75%) per annum. Short-term deposits are made for varying periods of between one day and two months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of short term deposits is 3.3% (2007 : 3.3%) per annum.

24. Payables

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Trade payables	14,850	13,929	–	–
Other payables				
Accrued expenses	6,165	7,263	616	1,291
Sundry provisions	4,232	3,324	711	785
Sundry payables	3,014	1,783	29	84
	13,411	12,370	1,356	2,160
Trade and other payables	28,261	26,299	1,356	2,160

Trade payables

Trade payables are denominated in the following foreign currencies:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Hong Kong Dollars	6,324	4,767	–	–
Singapore Dollars	5,583	5,938	–	–
Malaysian Ringgit	2,943	1,719	–	–
Australian Dollars	–	1,505	–	–
	14,850	13,929	–	–

Other payables

Other payables are denominated in the following foreign currencies:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Singapore Dollars	6,402	5,288	–	–
Malaysian Ringgit	3,738	2,000	–	–
Hong Kong Dollars	3,158	3,434	–	–
New Taiwan Dollars	111	–	–	–
Australian Dollars	1	1,600	–	–
Thai Baht	1	3	–	–
United States Dollars	–	45	–	–
	13,411	12,370	–	–

25. Interest bearing loans and borrowings

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:				
NTD Bank overdraft, unsecured (note 23)	451	–	–	–
USD Bank overdraft, unsecured (note 23)	–	41	–	–
	451	41	–	–
Floating rate loans, unsecured				
AUD bank loan	–	1,097	–	1,097
SGD bank loans	33,150	20,000	31,550	19,900
MYR bank loans	664	–	–	–
	33,814	21,097	31,550	20,997
Non-current:				
SGD bank loan, unsecured	–	4,000	–	4,000
Total	34,265	25,138	31,550	24,997

The loans and borrowings bear interest between 1.72% to 12.09% (2007 : 3.05% to 9.8%) per annum, and are secured by corporate guarantee issued by the Company.

The interest rates of floating rate loans reprice at 0.75% to 4.75% (2007 : 0.75% to 4.75%) per annum over respective banks' prime rates or cost of fund. The current borrowings of the Group and the Company have maturities of one to six months from the end of the financial year.

26. Hire purchase creditors

	Minimum payments 2008 $'000	Present value of payments 2008 $'000	Minimum payments 2007 $'000	Present value of payments 2007 $'000
Group				
Within one year	143	124	164	144
After one year but not more than five years	376	324	490	415
Total minimum lease payments	519	448	654	559
Less : Amounts representing finance charges	(71)	–	(95)	–
Present value of minimum lease payments	448	448	559	559

26. Hire purchase creditors (cont'd)

	Minimum payments 2008 $'000	Present value of payments 2008 $'000	Minimum payments 2007 $'000	Present value of payments 2007 $'000
Company				
Within one year	89	76	89	75
After one year but not more than five years	258	215	347	291
Total minimum lease payments	347	291	436	366
Less : Amounts representing finance charges	(56)	–	(70)	–
Present value of minimum lease payments	291	291	366	366

The average discount rate implicit in the Group's and the Company's hire purchases ranges from 2.2% to 6.1% (2007 : 2.2% to 6.7%) and 2.2% to 3.5% (2007 : 2.2% to 3.5%) per annum respectively.

27. Long term loans from minority shareholders of subsidiaries

Long term loans from minority shareholders of subsidiaries are unsecured, interest-free and are not expected to be repaid in the foreseeable future.

28. Deferred tax assets

	Group	
	2008 $'000	2007 $'000
Balance at beginning of the year	–	259
Amount credit to asset revaluation reserves	–	–
Transfer from/(to) profit and loss	20	(259)
Balance at end of the year	20	–

29. Deferred tax liabilities

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Balance at beginning of the year	3,361	1,464	18	18
Provided during the year	1,110	2,019	–	–
Transfer to profit and loss	(381)	(1,189)	–	–
Amount credited to asset revaluation reserve	152	1,037	–	–
Disposal of building	(90)	–	–	–
Currency realignment	(79)	30	–	–
Balance at end of the year	4,073	3,361	18	18
Deferred tax liabilities:				
Differences in depreciation for tax purposes	1,565	1,814	18	18
Revaluations for fair value				
- investment properties	2,320	1,350	–	–
- land and buildings	188	197	–	–
	4,073	3,361	18	18

There are no income tax consequences (2007: Nil) attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

30. Share capital

	Group and Company 2008 $'000	Group and Company 2007 $'000
Issued and fully paid :		
At beginning of year 360,378,938 (2007 : 360,298,938) ordinary shares	34,919	34,872
Issued during the year 56,250 (2007 : 80,000) ordinary shares	12	43
Transfer from share option reserves	–	4
At end of year 360,435,188 (2007 : 360,378,938) ordinary shares	34,931	34,919

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 restriction.

31. Reserves

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Asset revaluation reserve	11,869	8,221	–	–
Capital reserve	453	453	–	–
Share option reserve	491	281	491	281
Foreign currency translation reserve	(11,547)	(6,354)	–	–
Revenue reserve	51,542	53,555	4,754	7,041
Total reserve	52,808	56,156	5,245	7,322

32. Employee benefits

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Staff cost (including executive directors)				
- salaries, bonuses and other costs	32,390	29,502	3,238	3,437
- Staff Provident Fund	2,365	1,869	188	130
- Share-based payment	210	186	71	67
	34,965	31,557	3,497	3,634

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 2008 :

Date of grant	As at 1.7.2007	Number of options granted	Number of options expired	Number of options lapsed	Number of options exercised	At 30.6.2008	Exercise price per share $	Exercisable period
ESOS 2000								
31.3.2003	475,000	–	–	–	–	475,000	0.280	31.3.2004 to 30.3.2013
31.3.2003	412,500	–	–	–	(56,250)	356,250	0.212	31.3.2004 to 30.3.2013
15.12.2005	3,665,000	–	–	–	–	3,665,000	0.534	15.12.2006 to 14.12.2015
ESOS2006								
13.11.2006	2,620,000	–	–	–	–	2,620,000	0.683	13.11.2007 to 12.11.2016
13.12.2007	–	3,000,000	–	–	–	3,000,000	0.577	13.12.2008 to 12.12.2017
	7,172,500	3,000,000	–	–	(56,250)	10,116,250		

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 services received is measured based on a black-scholes model, taking into account the terms and conditions upon which the share options were granted. The following table states the inputs to the model used. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The weighted average fair value of options granted during the financial year was $0.08 (2007 : $0.07).

		13.12.2007 grant	13.11.2006 grant
Expected dividend yield	(%)	3.45	3.33
Expected volatility	(%)	19.90	18.60
Risk-free interest rate	(%)	2.50	2.02
Expected life of options	(years)	4	4
Subscription price	($)	0.577	0.683
Share price at date of grant	($)	0.61	0.65

32. Employee benefits (cont'd)

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

Name	Aggregate options granted during the financial year	Aggregate options granted since commencement of the Scheme to 30 June 2008	Aggregate options exercised since commencement of the Scheme to 30 June 2008	Aggregate options outstanding as at 30 June 2008
EYS ESOS 2000				
Directors				
Richard Yee Ming Eu	–	530,000	–	530,000
Clifford Yee Fong Eu	–	475,000	–	475,000
Leslie Kim Loong Mah	–	362,500	–	362,500
Employees				
KF Tan	–	150,000	–	150,000
Alice Suet Ying Wong	–	510,000	(310,000)	200,000
Eng Hock Lok	–	450,000	(250,000)	200,000
Vincent Boon Pian Lim	–	150,000	–	150,000
	–	2,627,500	(560,000)	2,067,500
EYS ESOS 2006				
Directors				
Leslie Kim Loong Mah	225,000	450,000	–	450,000
Dr Jennifer Gek Choo Lee	80,000	160,000	–	160,000
Ian Wayne Spence	80,000	160,000	–	160,000
Malcolm Man-Chung Au	80,000	160,000	–	160,000
Employees				
KF Tan	200,000	380,000	–	380,000
Alice Suet Ying Wong	200,000	380,000	–	380,000
Eng Hock Lok	200,000	380,000	–	380,000
Vincent Boon Pian Lim	200,000	320,000	–	320,000
	1,265,000	2,390,000	–	2,390,000

33. Commitments

(a) Capital commitments

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

	Group	
	2008	**2007**
	$'000	**$'000**
Authorised and contracted for	180	–
Authorised and not contracted for	–	3,973

(b) Operating lease commitments – As lessor

The Group has entered into commercial property leases on its investment property portfolio as disclosed in Note 15. These non-cancellation leases have remaining non-cancellable lease terms of between 1 and 5 years.

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

Within one year	192	134
After one year but not more than 5 years	119	75
	311	209

(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 for the Group was $23,010,000 (2007:$20,006,000) for the year. Included in rental expense was contingent rent of $2,700,000 (2007: $1,840,000). Future minimum lease rental under non-cancellable leases as of 30 June are as follows:

33. Commitments (cont'd)

(c) Operating lease commitments – As lessee (cont'd)

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	18,300	18,043	–	–
After one year but not more than 5 years	20,463	24,530	–	–
More than 5 years	45	–	–	–
	38,808	42,573	–	–

34. Related party transactions

(a) Sale and purchase of goods and services

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income from subsidiary companies	–	–	17,574	15,328
Interest received from subsidiary companies	–	–	411	660
Management fee received from subsidiaries	–	–	8,580	7,482
Rental paid to a subsidiary company	–	–	200	181
Interest paid to subsidiary	–	–	80	58
Loan from subsidiary	–	–	3,236	4,050

34. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2008	**2007**
	$'000	**$'000**
Short-term employee benefits	4,386	3,616
Staff Provident Fund	170	93
Share-based payments	135	186
Total compensation paid to key management personnel	4,691	3,895
Comprise amounts paid to :		
• Directors of the Company	1,274	1,424
• Other key management personnel	3,417	2,471
	4,691	3,895

35. Contingent liabilities

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Contingent liabilities not provided in the financial statements :				
Corporate guarantees given to bankers for credit facilities granted to subsidiaries	–	–	24,594	14,467

36. Loans and receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Non-current				
Due from subsidiaries	–	–	15,743	15,427
Current				
Trade receivables	8,376	9,245	–	–
Other receivables	12,402	10,912	483	307
Amounts due from subsidiaries	–	–	4,769	32,889
Amount due from associates	30	41	30	41
Fixed bank deposits	1,604	2,711	–	–
Cash and bank balances	13,605	12,789	476	550
Total loans and receivables	36,017	35,698	21,501	49,214

37. Financial liabilities, carried at amortised cost

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current				
Bank overdraft	451	41	–	–
Trade payables	14,850	13,929	–	–
Other payables	13,411	12,370	1,356	2,160
Interest bearing loans and borrowings	33,814	21,097	31,550	20,997
Amounts due to subsidiaries	–	–	1,056	1,565
Hire purchase creditors	124	144	76	75
Non-current				
Interest bearing loans and borrowings	–	4,000	–	4,000
Long term loans from minority shareholders of subsidiaries	124	59	–	–
Hire purchase creditors	324	415	215	291
Provision for long service payments	74	82	–	–
	63,172	52,137	34,253	29,088

38. Segment reporting

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. TCM relates to manufacturing, processing and sales of traditional Chinese medicines, Clinics relates to the provision of traditional Chinese medical consultation, treatment and integrative medical services. Others segment include the provision of rental of premises, sale of spa products and sale of food and beverages.

The Group generally account for inter-segments sales and transfers as if the sales or transfers were to third parties at current market prices.

(a) Business segments

The following tables present revenue and net income information for the Group's industry segment for the years ended 30 June 2008 and 30 June 2007 and certain asset and liability information regarding the Group's industry segment as at 30 June 2008 and 30 June 2007 :

	Continuing operations					Discontinued operations	
	TCM	**Clinics**	**Others**	**Eliminations**	**Total**	*****	**Total operations**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2008							
Revenue							
Sales to external customers	194,049	13,683	772	–	208,504	2,726	211,230
Inter-segment sales	61,043	–	26,549	(87,592)	–	–	–
Total revenue	255,092	13,683	27,321	(87,592)	208,504	2,726	211,230
Results							
Operating profits	28,532	1,723	(4,896)	(9,254)	16,105	(5,888)	10,217
Interest income					138	–	138
Interest expense					(1,031)	–	(1,031)
Profit before taxation					15,212	(5,888)	9,324
Tax expense					(4,993)	593	(4,400)
Profit after taxation					10,219	(5,295)	4,924

38. Segment reporting (cont'd)

(a) Business segments (cont'd)

	Continuing operations					Discontinued operations	
	TCM $'000	Clinics $'000	Others $'000	Eliminations $'000	Total $'000	* $'000	Total operations $'000
Assets and liabilities							
Segment assets	122,516	3,612	29,957	–	156,085	1,173	157,258
Deferred tax assets	20	–	–	–	20	–	20
	122,536	3,612	29,957	–	156,105	1,173	157,278
Segment liabilities	30,458	2,858	35,692	–	69,008	413	69,421
Other segment information :							
Capital expenditure	9,466	615	978	–	11,059	55	11,114
Depreciation of property, plant and equipment	5,620	700	323	–	6,643	472	7,115

* Discontinued operation of its subsidiaries, YourHealth Group, Red White and Pure Pte Ltd and RWP Food Services Pte Ltd (Note 8).

	Continuing operations					Discontinued operations	
	TCM $'000	Clinics $'000	Others $'000	Eliminations $'000	Total $'000	* $'000	Total operations $'000
2007							
Revenue							
Sales to external customers	168,205	12,633	366	–	181,204	12,111	193,315
Inter-segment sales	43,584	–	23,442	(67,026)	–	–	–
Total revenue	211,789	12,633	23,808	(67,026)	181,204	12,111	193,315
Results							
Operating profits	27,101	3,247	3,571	(8,560)	25,359	(5,545)	19,814
Interest income					188	3	191
Interest expense					(806)	(228)	(1,034)
Profit before taxation					24,741	(5,770)	18,971
Tax expense					(5,175)	915	(4,260)
Profit after taxation					19,566	(4,855)	14,711

38. Segment reporting (cont'd)

(a) Business segments (cont'd)

	Continuing operations					Discontinued operations	
	TCM $'000	Clinics $'000	Others $'000	Eliminations $'000	Total $'000	** $'000	Total operations $'000
Assets and liabilities							
Segment assets	110,860	3,158	28,792	–	142,810	6,618	149,428
Segment liabilities	22,265	2,721	28,123	–	53,109	5,098	58,207
Other segment information :							
Capital expenditure	10,439	1,298	108	–	11,845	3,753	15,598
Depreciation of property, plant and equipment	4,220	295	191	–	4,706	703	5,409
Depreciation of investment properties	–	–	18	–	18	–	18
Impairment of goodwill	–	–	624	–	624	–	624

** Discontinued operations of its subsidiaries, YourHealth Group, Red White and Pure Pte Ltd, RWP Food Services Pte Ltd and Elixir business (Note 8).

38. Segment reporting (cont'd)

(b) Geographical segments

The following table present revenue, capital expenditure and certain asset information regarding the group's geographical segments for the years end 30 June 2008 and 2007.

	Singapore		Malaysia		Hong Kong		Others		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:												
Sales to external customers	60,286	54,305	52,948	41,675	95,015	85,927	2,981	11,408	–	–	211,230	193,315
Inter-segment sales	28,332	23,981	10,065	9,566	49,195	2,943	–	–	(87,592)	(36,490)	–	–
Segment revenue	88,618	78,286	63,013	51,241	144,210	88,870	2,981	11,408	(87,592)	(36,490)	211,230	193,315
Less: Sales attributable to discontinued operation	(204)	(703)	–	–	–	–	(2,522)	(11,408)	–	–	(2,726)	(12,111)
Revenue from continuing operations	88,414	77,583	63,013	51,241	144,210	88,870	459	–	(87,592)	(36,490)	208,504	181,204
Other segment information:												
Segment assets	52,873	52,001	31,826	26,852	72,294	68,603	265	1,972	–	–	157,258	149,428
Deferred tax assets	–	–	–	–	–	–	20	–	–	–	20	–
Total assets	52,873	52,001	31,826	26,852	72,294	68,603	285	1,972	–	–	157,278	149,428
Segment liabilities	48,349	38,467	8,415	4,209	12,656	11,121	1	4,410	–	–	69,421	58,207
Other segment information:												
Capital expenditure : property, plant and equipment	3,645	6,162	5,049	2,275	3,395	7,098	–	63	–	–	12,089	15,598

39. Financial risk management objectives and policies

The Group's operations carry financial risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance.

Financial risk management policies are periodically reviewed and approved by the Board of Directors.

Foreign currency risk

The Group has transactional currency exposure, which arise from the sales or purchases by the Company and its subsidiaries in those currencies other than their functional currencies. Besides, the Group is also exposed to translational risks arising from its foreign currency denominated assets and liabilities.

The Group manages its transactional exposure by matching, as far as possible, its receipts and payments in each individual currencies. The Group does not use any foreign currency instruments to hedge foreign currency exposure on such purchases and sales.

As further disclosed in Note 2.6 to the financial statements on foreign currencies, exchange differences on the Group's net investment in foreign subsidiaries are dealt with through the foreign currency translation reserve. This currency translation risk is regularly monitored.

The breakdown of foreign currencies risk by currency was disclosed in the notes to the financial statements when appropriate.

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. Surplus funds are placed with reputable banks.

The Group and the Company's interest-bearing loans and borrowings are contractually repriced at interval of 1 to 6 months (2007: 1 to 6 months) from the date of balance sheet date.

39. Financial risk management objectives and policies (cont'd)

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
2008							
Group							
Floating rate							
Cash assets	15,209	–	–	–	–	–	15,209
Bank overdraft	451	–	–	–	–	–	451
Interest-bearing loans and borrowings	33,814	–	–	–	–	–	33,814
Company							
Floating rate							
Cash assets	476	–	–	–	–	–	476
Interest-bearing loans and borrowings	31,550	–	–	–	–	–	31,550
Amounts due from subsidiaries	–	–	–	–	–	8,023	8,023
Amounts due to subsidiary (non-trade)	1,056	–	–	–	–	–	1,056
2007							
Group							
Floating rate							
Cash assets	15,500	–	–	–	–	–	15,500
Bank overdraft	41	–	–	–	–	–	41
Interest-bearing loans and borrowings	21,097	4,000	–	–	–	–	25,097
Company							
Fixed rate							
Amounts due from subsidiaries	2,147	1,063	1,044	–	–	–	4,254
Floating rate							
Cash assets	550	–	–	–	–	–	550
Interest-bearing loans and borrowings	20,997	4,000	–	–	–	–	24,997
Amounts due from subsidiaries	–	–	–	–	–	14,285	14,285
Amounts due to subsidiary (non-trade)	1,565	–	–	–	–	–	1,565

39. Financial risk management objectives and policies (cont'd)

Sensitivity analysis for interest rate risk

As at 30 June 2008, assuming that the market interest is 50 basic points higher or lower than the market interest rate and with no change to the other variables, the interest expense on borrowings would be higher or lower by $171,000 (2007: $126,000). The change of 50 basic points used for both years approximated the range of interest rate movement during the financial years.

This analysis assumes that other variables remain constant.

Counterparty risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 30 June 2008 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

The Group only transacts with creditworthy counterparties. Surplus funds are placed with reputable financial institutions. Counterparty risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

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 customers.

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 cashflows, 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.

39. Financial risk management objectives and policies (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2008				2007			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Bank overdraft	451	–	–	451	41	–	–	41
Trade and other payables	28,261	–	–	28,261	26,299	–	–	26,299
Interest-bearing loans and borrowings	33,814	–	–	33,814	21,097	4,000	–	25,097
Hire purchase creditors	143	376	–	519	164	490	–	654
	62,669	376	–	63,045	47,601	4,490	–	52,091
Company								
Trade and other payables	1,356	–	–	1,356	2,160	–	–	2,160
Interest-bearing loans and borrowings	31,550	–	–	31,550	20,997	4,000	–	24,997
Due to subsidiary (non-trade)	1,056	–	–	1,056	1,565	–	–	1,565
Hire purchase creditors	89	258	–	347	89	347	–	436
	34,051	258	–	34,309	24,811	4,347	–	29,158

Foreign currency risk

The Group is exposed to the effects of foreign currency exchange rate fluctuation, primarily in relation to the Hong Kong Dollars ("HKD") and Malaysia Ringgit ("MYR"). Whenever possible, the Group seeks to maintain a natural hedge through matching of liabilities, including borrowings against assets in the name currencies or against the subsidiaries' functional currencies, in particular in future revenue stream. Translation exposures and exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

In relation to its overseas investment in foreign subsidiaries where net assets are exposed to currency translation risks and which are held for long term investment purposes, the difference arising from such translation are recorded under the foreign currency translation reserve. The translation differences are reviewed and monitored on a regular basis.

39. Financial risk management objectives and policies (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the HKD and MYR against the S$, with all other variables held constant, of the Group's profit net of tax:

	Group Profit net of tax	
	2008 $'000	2007 $'000
HKD		
- strengthened 5% (2007: 5%)	1,189	1,125
- weakened 5% (2007: 5%)	(1,189)	(1,125)
MYR		
- strengthened 5% (2007: 5%)	(192)	(6)
- weakened 5% (2007: 5%)	192	6

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 investment securities, cash and cash equivalents and derivatives), 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 a more stringent credit verification procedures before offering credit terms to the overseas customers.

39. Financial risk management objectives and policies (cont'd)

Exposure to credit risk

At the balance sheet date, 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 balance sheets; and
– a nominal amount of S$24,594,000 (2007: $14,442,000) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's bank loan.

As at 30 June 2008, there was no significant concentration of credit risk.

40. Fair value of financial instruments

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.

Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, current trade and other payables, balances due from/to subsidiary/associate, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Investment in equity instruments carried at cost

Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost as fair value cannot be measured reliably.

41. 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 2008 and 30 June 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by the sum of total capital and net debt. Net debt is calculated as interest-bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

	2008 $'000	2007 $'000
Interest-bearing loans and borrowings	34,265	25,138
Less: Cash and cash equivalents	(15,209)	(15,500)
Net debt	19,056	9,638
Equity attributable to the equity holders of the parent/ Total Capital	87,739	91,075
Capital and net debt	106,795	100,713
Gearing ratio	18%	10%

42. Comparatives

Certain comparatives have been reclassified to conform with current year's presentation. As disclosed in Note 8 to the financial statements,

	Group	
	Restated 2007 $'000	Previously reported 2007 $'000
Consolidated income statement		
Revenue	181,204	191,464
Cost of sales	(90,204)	(96,630)
Other operating income	5,340	5,368
Distribution and selling expenses	(52,899)	(58,975)
Administrative expenses	(17,350)	(20,063)
Interest income	188	191
Interest expense	(806)	(939)
Tax expense	(5,175)	(4,260)
Loss from discontinued operations	(4,855)	(713)

43. 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 2008 were authorised for issue in accordance with a resolution of the Directors on 22 September 2008.

Statistics of Shareholdings

As at 17th September 2008

Class of equity securities	Number of equity securities	Voting Rights
Ordinary shares	360,435,188	One vote for each share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding			Number of Shareholders	%	Number of Shares	%
1	-	999	183	4.93	59,739	0.02
1,000	-	10,000	2,864	77.22	7,190,291	1.99
10,001	-	1,000,000	637	17.18	35,729,306	9.91
1,000,001 and above			25	0.67	317,455,852	88.08
			3,709	100.00	360,435,188	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Euco Investments Pte Ltd ("Euco")	20,711,767	5.75	48,027,500 (i)	13.32
Arisaig ASEAN Fund Limited, Arisaig Partners (BV) Limited (Fund Manager)	28,946,500	8.03	-	-
Bestand Development Corporation ("Bestand")	-	-	26,263,535 (ii)	7.29
Aberdeen Asset Management Plc ("AAM")	-	-	25,066,500 (iii)	6.95
Aberdeen Asset Management Asia Ltd ("AAMA")	-	-	25,066,500 (iv)	6.95
Aberdeen International Fund Managers Limited ("AIFM")	-	-	19,905,000 (v)	5.52
Clifford Yee Fong Eu	190,743	0.05	85,739,267 (vi)	23.79
Laurence Yee Lye Eu	1,875,000	0.52	68,739,267 (vii)	19.07
Richard Yee Ming Eu	-	-	52,945,143 (viii)	14.69
Billy Wah Yan Ma	-	-	28,605,845 (ix)	7.94
Robert James Yee Sang Eu	-	-	26,263,535 (x)	7.29

Notes:

(i) Euco's deemed interests relates to shares held in trust by its nominees.

(ii) Bestand's deemed interests relates to shares held in trust by its nominee.

(iii) AAM's deemed interest relates to Shares held in various investment funds (and under various nominee accounts).

(iv) AAMA's deemed interest relates to Shares held in various investment funds (and under various nominee accounts).

(v) AIFM's deemed interest relates to Shares held in various investment funds (and under various nominee accounts).

(vi) By virtue of Section 7 of the Companies Act, Clifford Yee Fong Eu is deemed to be interested in all the 9,500,000 Shares held in trust by his nominees, 68,739,267 Shares held by Euco (by itself or in trust by its nominees); 5,625,000 Shares of Perpetual Investments Ltd (held in trust by its nominee), 1,875,000 Shares owned by his wife.

(vii) Laurence Yee Lye Eu is deemed interested in all the Shares held by Euco (by itself or in trust by its nominees) by virtue of Section 7 of the Companies Act.

(viii) The deemed interests of Richard Yee Ming Eu relates to Shares held in trust by his nominees. He is also deemed to be interested in 13,675,000 Shares owned by his wife (held in her name and in trust by her nominees).
(ix) By virtue of Section 7 of the Companies Act, Billy Wah Yan Ma is deemed to be interested in all the Shares held by Bestand and 2,342,310 Shares held by UOB Kay Hian Private Limited.
(x) Robert James Yee Sang Eu is deemed to be interested in all the Shares held by Bestand by virtue of Section 7 of the Companies Act.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	HSBC (SINGAPORE) NOMINEES PTE LTD	99,687,050	27.66
2.	DBS NOMINEES PTE LTD	36,502,143	10.13
3.	EUCO INVESTMENTS PTE LTD	27,872,267	7.73
4.	HL BANK NOMINEES (S) PTE LTD	25,550,000	7.09
5.	UOB NOMINEES (2006) PTE LTD	17,700,070	4.91
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	17,303,486	4.80
7.	CIMB BANK NOMINEES (S) SDN BHD	16,250,000	4.51
8.	OVERSEA-CHINESE BANK NOMINEES PTE LTD	14,142,000	3.92
9.	LEONG KWEI CHUN	12,574,955	3.49
10.	DAVID EU YEE TAT	11,523,806	3.20
11.	DB NOMINEES (S) PTE LTD	5,625,000	1.56
12.	EU YEE KWONG GEOFFREY	4,738,667	1.31
13.	AMFRASER SECURITIES PTE. LTD.	3,437,500	0.95
14.	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,102,750	0.86
15.	EU YAN WAI HING VIRGINIA	3,089,292	0.86
16.	EU MEI YING HELENA MRS HELENA HO	2,772,056	0.77
17.	UOB KAY HIAN PTE LTD	2,444,810	0.68
18.	CHANG SEOW YING ALISON	1,875,000	0.52
19.	LAURENCE YEE LYE EU	1,875,000	0.52
20.	VICTORIA EU	1,875,000	0.52
	TOTAL	**309,940,852**	**85.99**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately, 23.94% of the Company's 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.

Public is defined in the Listing Manual as persons other than:-

(a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company and its subsidiary companies; and
(b) associates of the persons in paragraph (a).

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 Function Room 5.1, School of Information Systems, Singapore Management University, 80 Stamford Road, Singapore 178902 on Thursday, 30 October 2008 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 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 1 cent per ordinary share and a special dividend of 1 cent per ordinary share (or a total of 2 cents per ordinary share) (one-tier tax exempt) for the year ended 30 June 2008 [2007: a first and final dividend of 1 cent per ordinary share and a special dividend of 1 cent per ordinary share (or a total of 2 cents per ordinary share)]. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 109 of the Articles of Association of the Company:

   Dr Jennifer Gek Choo Lee **(Resolution 3)**
   Mr Robert James Yee Sang Eu **(Resolution 4)**

   Dr Jennifer Gek Choo Lee will, upon re-election as a Director of the Company, remain as the Chairman of the Board of Directors and the Compensation Committee, a member of the Audit Committee, the Nominating Committee and the Strategic Direction Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Robert James Yee Sang Eu will, upon re-election as a Director of the Company, remain as the Chairman of the Strategic Direction Committee, a member of the Compensation Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$167,000 for the year ending 30 June 2009, to be paid quarterly in arrears (2008: S$169,000). **(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 the following resolution as Ordinary Resolution, with or without any modifications:

7. **Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, 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 Singapore Exchange Securities Trading Limited) 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 Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) 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] **(Resolution 7)**

By Order of the Board

Heng Hang Siong @ Heng Hock Kiong
Tan Cher Liang
Company Secretaries

Singapore, 14 October 2008

Explanatory Note:

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.

Notes :

1. A Member entitled to attend and vote at the Annual General Meeting (the "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.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 269A South Bridge Road, Singapore 058818 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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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 solely 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 30 October 2008 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2008		
2	Payment of proposed first & final dividend of 1 cent per ordinary share and a special dividend of 1 cent per ordinary share		
3	Re-election of Dr Jennifer Gek Choo Lee as a Director		
4	Re-election of Mr Robert James Yee Sang Eu as a Director		
5	Approval of Directors' fees amounting to S$167,000 for the year ending 30 June 2009		
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		

Dated this ____________________ day of ______________ 2008

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 269A South Bridge Road, Singapore 058818 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.

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.