

## YHI INTERNATIONAL LIMITED

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### PRESS RELEASE

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#### **YHI TO PLACE 15 MILLION NEW ORDINARY SHARES TO RAISE A TOTAL OF APPROXIMATELY S\$16.1 MILLION TO FUND CHINA EXPANSION**

December 2, 2003 – SGX Mainboard-listed YHI International Limited (YHI), an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, today announced that the Company proposes to raise capital by way of a placement of 15 million new ordinary shares, the Company had on 2 December 2003 entered into a placement agreement with DBS Bank Ltd.

YHI will raise net proceeds of approximately \$16.1 million from the exercise.

The subscription price for each placement share of \$1.095 represents a discount of approximately 9.82% from the weighted average price of YHI's shares of S\$1.2142 based on trades done on the Mainboard of the SGX-ST for the full market day on 1 December and up to 12.30pm on 2 December 2003.

As at the date of this Announcement, the issued and paid-up ordinary share capital of the Company is \$45,715,969 divided into 228,579,845 ordinary shares of \$0.20 each. The Placement Shares will represent approximately 6.6% of the issued and paid up ordinary share capital of YHI and will, upon allotment and issue, rank *pari passu* in all respects with the Company's existing shares.

The Placement will increase the issued and paid-up ordinary share capital of the Company from \$45,715,969 divided into 228,579,845 Shares up to \$48,715,969 divided into 243,579,845 Shares. Based on the audited accounts of the Company and its subsidiaries (the "**Group**") as at 31 December 2002, the Placement will increase the net tangible asset (NTA) per Share of the Proforma Group from 20.0 cents to 31.55 cents.

The net proceeds from the placement, which will amount to approximately \$16.1 million will be utilised primarily to fund its expansion in the PRC. The funds will be used to acquire machinery and equipment for two production lines intended for both the PRC domestic and international alloy wheel markets, and to enter into a joint venture in the PRC to set up a metal surface finishing facility for alloy wheels. The funds will also be used for acquisitions and/or investments, which are synergistic with the Group's businesses in the PRC and for working capital purposes.

"This exercise to raise new capital will help to fuel the Group's continued expansion drive in the PRC, one of the world's fastest growing auto centres. The proceeds will also allow us to continue to expand our manufacturing operations including the setting up of new production lines and a new JV for a metal surface finishing facility in China. We want to increase our market share in China's domestic market and be ready to take advantage of the abundant opportunities in new investments with good growth potential to provide synergistic value and ultimately deliver better returns to shareholders," said Mr Richard Tay, YHI's Managing Director.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement.

The Company will be making an application to the SGX-ST for the listing and quotation of

the Placement Shares soon. A Statement of Material Facts which complies as to form and content with the Twelfth Schedule to the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2002, had on 2 December 2003 been lodged with the Monetary Authority of Singapore (MAS).

**About YHI International:**

A homegrown company with a history of more than 55 years, YHI International has expanded its business from distributing tyres and automotive batteries to become an ODM of alloy wheels with two manufacturing plants, one in Shanghai and the other in Taoyuan, Taiwan. Its major manufacturing base in Shanghai, China occupies a total land area of 47 thousand square metres.

The Group's distribution network spans Singapore, the PRC, Hong Kong, Taiwan, Malaysia, Australia and New Zealand where it has established its corporate offices and warehousing facilities. From its main distribution hubs in Singapore, the PRC, Hong Kong and Taiwan, the Group distributes its products locally in these countries as well as exports them to more than 30 countries. Currently, it distributes to approximately 2,000 customers internationally. Some of the key international brands that YHI distributes include Yokohama, Nankang and Tornado for tyres, and Enkei and OZ for alloy wheels.

As an integrated ODM solutions provider, YHI provides a range of services from design and development to manufacturing and marketing and distribution of alloy wheels for customers. It designs and manufactures for major brands like LowenHart, Racing Hart, Giovana, Konig and 5-zigen. It has also created and marketed its own brand Advanti through its wide distribution network.

YHI has established a profitable track record over the past three years. Its turnover grew from S\$147.9 million in FY2000 to S\$176.9 million in FY2002 while its profit before tax grew from S\$6.5 million in FY2000 to S\$14.9m in FY2002. YHI's distribution business accounted for approximately 76.9% and 76.6% of turnover and profit before tax respectively, while the manufacturing business accounted for approximately 23.1% and 23.4% of turnover and profit before tax respectively for FY2002.

Release issued on behalf of YHI International Limited by  
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Submitted by Yuen Sou Wai, Executive Director on 02/12/2003 to the SGX