

YHI INTERNATIONAL LIMITED

PROPOSED PLACEMENT OF UP TO 15, 000, 000 NEW ORDINARY SHARES OF \$0.20 EACH IN THE CAPITAL OF YHI INTERNATIONAL LIMITED AT \$1.095 FOR EACH SHARE

The Board of Directors of YHI International Limited (the "**Company**") wishes to announce that the Company proposes to raise capital by way of a placement and in connection thereto, the Company had on 2 December 2003 entered into a share placement agreement (the "**Placement Agreement**") with DBS Bank Ltd (the "**Placement Agent**").

Pursuant to the Placement Agreement, the Company will allot and issue and the Placement Agent has agreed to subscribe and/or procure the subscribers of up to 15,000,000 new ordinary shares of \$0.20 each (the "**Placement Shares**") representing approximately up to 6.6% of the issued and paid up share capital of the Company as at the date of this announcement, at the price of \$1.095 for each Placement Share on the terms and subject to the conditions of the Placement Agreement (the "**Placement**"). The Placement shall be conditional upon, *inter alia*, the in-principle approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Placement Shares on the mainboard of SGX-ST. The Placement Shares will be allotted and issued pursuant to a Shareholders' resolution passed at the Extraordinary General Meeting of the Company held on 22 May 2003, empowering the Directors of the Company to issue shares and convertible securities from time to time provided that aggregate number of shares and convertible securities issued pursuant to such authority shall not exceed fifty percent (50%) of the issued share capital of the Company for the time being, and provided further that the aggregate number of shares and convertible securities to be issued other than on a *pro-rata* basis to shareholders of the Company does not exceed twenty percent (20%) of the issued share capital of the Company.

The subscription price for each Placement Share is \$1.095 which represents a discount of approximately 9.82% from the weighted average price of the ordinary shares of \$0.20 each of the Company of \$1.2142 for trades done on the SGX-ST for the full market day on 1 December 2003 and prior to the suspension of trading in the Company's shares on 2 December 2003, being date of signing of the Placement Agreement.

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 "**Shares**"). The Placement Shares represent approximately 6.6% of the issued and paid up ordinary share capital of the Company as at the date of this announcement and will, upon allotment and issue, rank *pari passu* in all respects with the Shares existing as at the date of their issue.

The issue of the Placement Shares 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 per Share of the Proforma Group from 20.0 cents to 31.55 cents.

The net proceeds of the Placement amount to approximately \$16.1 million. The net proceeds from the Placement will be utilised primarily to fund the purchase of machinery and equipment for two production lines intended for both the PRC domestic and international alloy wheel markets, to enter into a joint venture in the PRC to set up a metal

surface finishing facility for alloy wheels, for acquisitions and/or investments which are synergistic with the Group's business in the PRC and for working capital purposes.

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 shortly. 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.

DBS Bank is also the underwriter of the Placement.

Submitted by Yuen Sou Wai, Executive Director on 02/12/2003 to the SGX