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\* Asterisks denote mandatory information

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Announcement submitted on behalf of	YHI INTERNATIONAL LIMITED
Announcement is submitted with respect to *	YHI INTERNATIONAL LIMITED
Announcement is submitted by *	YUEN SOU WAI
Designation *	EXECUTIVE DIRECTOR
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**>> Announcement Details**

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Announcement Title \*

INVESTMENT IN OZ S.p.A., ITALY

Description

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**Attachments:**

 [Announce-OZ100306r1.pdf](#)  
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# YHI INTERNATIONAL LIMITED

Company Registration No. 200007455H



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## INVESTMENT IN OZ S.p.A., ITALY

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### **Acquisition of 19.90% of the share capital of O.Z. S.p.A ("OZ")**

The Board of Directors of YHI International Limited ("**Company or YHI**") is pleased to announce that its wholly-owned subsidiary, YHI Manufacturing (S) Pte Ltd ("**YHIMS**") had entered into a Share Sale and Purchase and Option Agreement ("**S&P**") with Mr Claudio Bernoni ("**Seller**") pursuant to which YHIMS has agreed to purchase from and the Seller has agreed to sell to YHIMS, on and subject to the terms of the S&P, an aggregate of 519,887 ordinary shares ("**Sale Shares**") constituting 19.90% of the share capital of OZ, at a purchase consideration of €1,793,052 or approximately S\$3,496,451 ("**Sale Shares Purchase Consideration**").

### **Option to acquire a further 15.61% of the share capital of OZ**

In addition, the Seller has under the S&P granted to YHIMS the right by way of an option ("**Option**") to purchase from the Seller, a further aggregate of 407,811 ordinary shares ("**Option Shares**"), constituting 15.61% of the share capital of OZ, at a purchase consideration of €1,406,948 or approximately S\$2,743,548 ("**Option Shares Purchase Consideration**"). The Option is to be exercised on or before 20 May 2006 and the closing of the sale and purchase of the Option Shares is to take place on or before 31 May 2006.

The Sale Shares Purchase Consideration and the Option Shares Purchase Consideration, both funded from internal sources of fund, were negotiated on a "willing-buyer and willing-seller and on an arm's length transaction" basis, taking into consideration *inter alia*, the business operations and strategic fit of the businesses of OZ and the Company and its subsidiaries. If YHIMS acquires the Option Shares, YHIMS will hold in aggregate 35.51% of the total share capital of OZ. The Directors of the Company will make the relevant announcement at the appropriate time on the acquisition of the Option Shares.

### **Rationale for the investment in OZ**

We believe that our investment in OZ is synergistic for both YHI and OZ as both companies are engaged in the design, manufacture and sale of alloy wheels and respectively have significant business operations, sales network and market presence internationally.

The acquisition into OZ has created a platform for YHI to expand its geographical presence internationally as well as providing YHI with enhanced opportunities to cooperate on a synergistic basis with OZ, on its technical expertise in alloy wheel manufacturing. YHI has been distributing OZ alloy wheels throughout its network since 1989.

Incorporated since 1971 in Italy, OZ has been in the business of the design, manufacture and sale of automotive wheels under its flagship brand, OZ in the global automotive industry. The OZ brand name is synonymous in the international racing circuit with winning teams in the F1 Championship as well other international racing competitions since the 1990s.

Neither the acquisition of the Sale Shares nor the acquisition of both the Sale Shares and the Option Shares will trigger any of the thresholds pursuant to Chapter 10 of the SGX Listing Manual.

The above transactions will not have any material impact on the Company's net tangible assets and earnings per share for the financial year ended 31 December 2006.

None of the directors or substantial shareholders of the Company have any interest, direct or indirect in the above transactions.

Submitted by Yuen Sou Wai, Executive Director to the SGX-ST on 10 March 2006.