

YHI INTERNATIONAL LIMITED

INCORPORATION OF A WHOLLY OWNED SUBSIDIARY IN SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA – YHI PRECISION MOULDING (SHANGHAI) CO LTD

The Board of Directors of YHI International Limited (the “**Company**”) wishes to announce that on 12 May 2005, YHI Manufacturing (Singapore) Pte Ltd (“**YHI Manufacturing**”), a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary, YHI Precision Moulding (Shanghai) Co Ltd (“**YHI Precision**”) in Shanghai, PRC.

The total registered capital of YHI Precision is US\$1.2 million and its principal activity is to manufacture and supply alloy wheels moulds for YHI's existing and future manufacturing facilities. The Company believes that the incorporation of YHI Precision is in line with its continuous efforts to reduce manufacturing costs and to enhance the integrated supply chain of its alloy wheel manufacturing capabilities.

The above transaction will not have any material impact on the Company's net tangible assets and earnings per share for the financial year ended 31 December 2005.

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

Submitted by Yuen Sou Wai, Executive Director to the SGX-ST on 16 June 2005.