



YHI INTERNATIONAL LIMITED

BONUS ISSUE

The Company is proposing a bonus issue (the "Bonus Issue") of 97,431,938 new ordinary shares of \$0.10 each in the capital of the Company (the "Bonus Shares"). This will be on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of par value S\$0.10 each held by the shareholders of the Company (the "Shareholders") as at a book closure date to be announced subsequently.

The Bonus Shares will be issued pursuant to a general mandate obtained at the forthcoming Annual General Meeting ("AGM") of the Company which allows the Directors to issue shares in the Company up to an aggregate of twenty per cent (20%) of the Company's issued shares as at the date of the AGM. The Bonus Issue will also be effected upon the amendment of the articles of association of the Company to delete the existing requirement for shareholders' approval for bonus issues. The date of the AGM will be announced subsequently.

The Company will capitalize the sum of S\$9,743,194 from its share premium account to be applied towards paying up in full for the Bonus Issue. The actual number of Bonus Shares that will be issued by the Company will depend on the total issued share capital of the Company as at the book closure date. As at 31 December 2004, the balance in the Company's share premium account was S\$28,284,910.

The Bonus Issue enables the Company to express its appreciation to our Shareholders for their support for the Company. At the same time, it will also augment the issued share capital base of the Company to appropriately reflect the growth and expansion of the Group's business. In addition, the Bonus Issue will improve the trading liquidity of the Company's Shares and encourage a wider spread of Shareholders by increasing the number of Shares available for trading.

The Bonus Shares, when issued will rank *pari passu* in all respects with the existing shares in the capital of the Company except that they will not be entitled to any dividend declared in respect of the financial year ended 31 December 2004.

The Bonus Issue and the listing and quotation of the Bonus Shares are subject to the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Bonus Shares on the Mainboard of the Stock Exchange of Singapore ("SGX Mainboard"). The Company will make an application to the SGX-ST for permission to deal in and for listing and quotation of the Bonus Shares on the SGX-Mainboard.

Submitted by Yuen Sou Wai, Executive Director on 23 February 2005 to the SGX