



**REPLY TO SGX'S QUERIES ON THE THIRD QUARTER FINANCIAL STATEMENT
ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

In response to SGX's queries dated 15 November 2007, the Board of Directors of YHI International Limited (the "Company") would like to respond as follows:

SGX's First Query:

We note that the increase in share of associate profit was due primarily to higher profit contribution from O.Z. S.p.A. Please provide the reasons for the improved profits of this associate.

Company's Response:

The improved profits of O.Z. S.p.A. were primarily due to increased sales from its additional product line attributable to capacity increase.

SGX's Second Query:

We note that sales for the nine months ended 30 September 2007 increased by 7.7% or S\$22.7m as compared to the previous corresponding period while Trade Receivables has increased by S\$23.96m. The Company has disclosed that the increase in the Trade Receivables balance is due to "timing difference". Please elaborate on this difference and to disclose the Directors' views on whether this raises concerns on collectibility of the debt of whether any provision is required.

Company's Response:

The timing difference arose as a result of additional manufacturing sales generated from June 2007 due to capacity increase in our Suzhou factory. Some of these Trade Receivables remained outstanding but still within the normal credit terms permitted. The directors are of the view that the Trade Receivables as at 30 September 2007 is a fair value representation based on their collectibility, after making adequate provision.

Submitted by Yuen Sou Wai, Executive Director to the SGX-ST on 19 November 2007