



YHI International Limited

MEDIA RELEASE
For Immediate Release

YHI International reports S\$250.4M for the first half of FY2013

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Executive Chairman and Group Managing Director, Mr Richard Tay

Singapore, 6 August 2013 – MAINBOARD-LISTED YHI International Limited (YHI or the Group) (友发国际有限公司) today reported revenue of S\$250.4 million for the first six months ended 30 June 2013 (1HFY2013) and a net profit attributable to equity holders of the company (net profit) of S\$3.5 million.

This compares with the revenue of S\$277.4 million and net profit of S\$11.7 million in the same period last year (1HFY2012). As the global economy continued to be weak, demand for the Group's products in both the distribution and manufacturing segments has weakened correspondingly. As a result, YHI registered a lower revenue and net profit in the period under review.

Revenue from the distribution segment, which makes up of 74.9 % or S\$187.6 million of the total revenue, remains as the main driver of the Group's turnover in 1HFY2013. The

manufacturing segment, which makes up the balance of 25.1 % registered a revenue of S\$62.7 million for the period.

Gross profit for 1HFY2013 reduced by 16.5% from S\$ 64.5 million in 1HFY2012 to S\$53.8 million, which is in line with the lower revenue achieved in the period under review. The Group's gross profit margins declined to 21.5% from 23.2% in tandem with lower margins from the distribution and manufacturing business segments.

Overall operating expenses of the Group in 1HFY2013 remained relatively stable as compared to the same period last year. Slight increase in the expenses were seen under the distribution expenses, where it rose about 4.6% this period due to higher staff costs. On the other hand, the Group saw a decrease in its administrative costs and financing costs, which were mainly due to the lower bonuses accrued and lower borrowings in certain subsidiaries for the period respectively.

Earnings per share were 0.6 Singapore cent for the first half ended 30 June 2013 compared with 2.0 Singapore cent last year.

Executive Chairman and Group Managing Director, Mr Richard Tay (郑添和) said: "We believe that the recovery of the global economy will continue to be weak with very moderate signs of improvement. As such, the business and operating environments in the markets which we have operations in remains challenging as we experienced slowdown in orders from some of our customers. While we are mindful of the uncertainties in the global economic outlook, we have taken the appropriate measures to maintain a tight rein on our cost and at the same time, prudently growing our businesses."

Strong Financial Position

The Group's healthy balance sheet, which is backed by net assets of S\$258.4 million will enable YHI to be in a good position for future growth. This also translates to a net asset value per share of 41.96 Singapore cents as at 30 June 2013. YHI's net working capital was

S\$ 141.9 million with cash and cash equivalents balance of S\$41.9 million and a net gearing ratio of 36.6%.

Business updates

In the 1HFY2013, the Group experienced slowdown in orders from some of its customers resulting from the uncertainties in the global economic outlook. Recently, China has reported a lackluster growth while Europe is not out of the recession yet. The Group maintains a cautious outlook over its business prospects and expects the raw material prices such as aluminum and currencies to be volatile through 2013.

“The Group has stood resilient against the challenges so far, however, we will remain vigilant and continue improving our business and financial fundamentals, so as to weather through the uncertain global economic outlook.

Moving ahead, we stay focused on our efforts to develop the USA and Asia markets, and continue to focus on offering a better product mix in order to alleviate the pressure on our operating margins. In order to stay at the forefront of the market, we will heighten our brand building efforts, product innovation & design as well as enhancing our production systems to boost our quality and productivity level.” added Mr Tay.

a) Distribution

In terms of the distribution business segment, the Group will continue to develop business opportunities by executing the multi-product, multi-brand and multi-category (“3M”) marketing strategies.

Mr Tay highlighted that the Group will focus on sharpening its competitive edge by offering wider range of products and expanding more sales channels. In addition, YHI will consistently explore new business opportunities that are compatible with its 3M growth strategies. YHI expects the distribution business to continue to be the key contributor for the Group.

- **Exclusive distribution rights for Otani Tires and Double Coin Tires**

With the recent addition of Otani and Double Coin tyres to YHI's portfolio of premium and proprietary brands, the Group will accelerate its business development plans through the existing sales network as well as developing new sales channels to increase our commercial tyres business.

- **Expansion of Neutron Tyres sizes**

As for our proprietary brand Neutron Tyres, we are finalizing the details on the additional 10 sizes of 4x4 range and 2 sizes of passenger cars range and expect to launch the new sizes by 4Q2013.

b) Manufacturing

- **New OEM wheel contract win**

YHI's proactive marketing strategy to grow its After-Market and Original Equipment Manufacturing ("OEM") businesses in Malaysia and other regional markets has won the Group an OEM contract from Proton. This is to the supply alloy wheels to Proton for its three popular car models, namely, Satroa Meo R3, Global Small Cars and Saga FLX. This order of alloy wheels will be manufactured at the Group's Malaysia plant.

- **Update on Malaysia plant**

New machines for the phase 2 expansion at Malacca factory had been fully installed and trial production had started in June. With the phase 2 installation, the Malacca factory now has an annual production capacity of 600,000 wheels per annum.

- **Sponsorship for MERCEDES AMG PETRONAS F1 Team**

As part of the Group's marketing strategy, YHI collaborated with Mercedes AMG Petronas Formual One ("F1") team covering 2013, 2014 and 2015 to boost the profile of YHI's wheels and to become a global and recognised brand name in an international market. The latest win by Mercedes driven by Lewis Hamilton at the Hungarian Grand Prix has certainly elevated

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YHI's image and brand value of our proprietary wheels, Advanti Racing. The Group will continue to work with its partners and distributors to be the trend setter and market leader of alloy wheel designs and quality.

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YHI INTERNATIONAL LIMITED

About YHI International Limited (www.yhi.com.sg)

YHI International Limited (YHI) (友发国际有限公司) is a recognised distributor of high-quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer (ODM). It provides integrated services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

Today, YHI's wide international presence can be seen in over 100 countries operating through its 29 subsidiaries and one associated company located in Asia Pacific, North America and Europe. YHI distributes a diverse range of automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies to more than 5,000 customers globally.

The key tyre brands are Yokohama, Archilles, Roadstone, Nankang, Nexen, Pirelli, Corsa, Nitto, Otani and its proprietary brand – Neuton. YHI's portfolio of alloy rims includes renowned brands such as Enkei, OZ, Konig, Advanti Racing and Breyton. Advanti Racing is an official supplier to the Mercedes AMG Petronas Formula One Team for 2013 to 2015 Championships after being the official partner to Scuderia Toro Rosso Formula One Team from 2008 to 2012.

YHI's industrial product portfolio includes both automotive batteries and rechargeable batteries for commercial and industrial use as well as golf and utility buggies from EZGO. Some of the key brands of rechargeable batteries it distributes are Hitachi, Trojan, CSB, Benning, Crown, Vision and FIAMM. YHI also has its own proprietary brand of industrial and automotive batteries called Neuton Power.

As an integrated ODM solutions provider, YHI currently has five alloy wheels manufacturing plants located in Shanghai and Suzhou, China, Taoyuan in Taiwan, Sepang and Malacca in Malaysia with a current total production capacity of 4.0 million units per annum.

The Group aims to develop YHI into a global brand name where its tagline "The World is Our Market" will come true. Its plan is to continue to strengthen and widen the YHI's distribution network, through its multi-brand, multi-category and multi-product (3M) marketing strategies, focusing on promotion and development of its portfolio of premium and proprietary brands in the global market.

YHI (Malaysia) Sdn Bhd (YHI Malaysia) received the Super Golden Bull award four times, the latest being 2012 among small and medium-sized enterprises (SMEs) in Malaysia. The award which was organised by Nanyang Siang Pau honoured the best of SMEs in Malaysia.

Started as a sole proprietor in 1948, YHI has successfully diversified its business and was listed on the Mainboard of the Singapore Exchange on 3 July 2003.

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