

YHI INTERNATIONAL LIMITED

YHI INTERNATIONAL LIMITED'S PARENT COMPANY, YHI HOLDINGS' JOINT VENTURE COMPANY, HANGZHOU YOKOHAMA TYRE COMPANY LIMITED TO DOUBLE PRODUCTION CAPACITY OF TYRE FACTORY IN HANGZHOU

Expansion Plan Highlights:

- **Capacity to double from existing 700,000 tyres to 1.4 million tyres**
- **YHI to distribute exclusively Yokohama tyres in China**
- **North East Asia auto boom to continue powering growth**

Singapore, November 6, 2003: SGX Mainboard-listed YHI International Limited, an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, today announced that its parent company, YHI Holdings' joint venture company, Hangzhou Yokohama Tire Co. Ltd (HYTC) intends to double its current production capacity of tyres from 700,000 pieces to 1.4 million pieces by 2004.

HYTC will start the construction of the second phase of its production facilities in Hangzhou in November 2003. The factory expansion is expected to be completed by the end of 2004 and on completion will occupy an area of approximately 80,000 sq m.

"The automotive industry in China is one of the most vibrant in the world. Driven by an increasingly affluent domestic population and the growing investment by major automotive giants in China, the automotive industry is expected to become one of the largest markets in the world. In view of this robust automotive growth, we have brought forward our expansion plans to meet the strong demand for tyres in China's domestic market," said Mr Yasuo Tominaga, President of The Yokohama Rubber Company Limited (YRC). Mr Yasuo Tominaga was speaking at the official opening of the HYTC in Hangzhou, China on November 6, 2003.

In line with the increase in production capacity, YRC intends to set up 200 concept stores in addition to the current 12 stores in various parts of China by the end of 2006.

"We are extremely delighted with the opening of the HYTC which was on schedule and within budget. This marks a significant milestone which further strengthens our long-term relationship with Yokohama. The expansion plans for the second phase will also mark another significant and strategic step in our relationship which will bring mutual benefits for us," said Mr Richard Tay, YHI's Managing Director.

On the outlook for the company, Mr Tay said: "YHI has distribution rights for all Yokohama tyres in China. Therefore barring any unforeseen circumstances, and given the expansion of HYTC, there will be a positive impact on our earnings in

FY2005.

HYTC is a joint venture between YHI Holdings Pte Ltd, The Yokohama Rubber Co Ltd and Hangzhou Rubber (Group) Co. YHI Holdings has a 10% interest in HYTC.

In addition, we have plans to further expand our distribution network in China. We intend to have 1200 retailers in the Yangtze Delta by the end of 2005. In line with the robust demand for automotive products in China, YHI will accelerate its expansion plans in China.

We will commence our 5th production line for alloy wheels to target the replacement market in China by the 1st half of 2004. This will be done through our existing distribution network of 148 distributors in the country. In view of the increasing demand for chrome wheels, we intend to accelerate the commencement of our chrome factory from the 1st quarter 2005 to the 1st half of 2004.

We also have plans to explore distribution rights for Hitachi automotive batteries in China."

About YHI International:

A homegrown company with a history of more than 55 years, YHI International has expanded its business from distributing tyres and automotive batteries to become an ODM of alloy wheels with two manufacturing plants, one in Shanghai and the other in Taoyuan, Taiwan. Its major manufacturing base in Shanghai, China occupies a total land area of 47 thousand square metres.

The Group's distribution network spans Singapore, the PRC, Hong Kong, Taiwan, Malaysia, Australia and New Zealand where it has established its corporate offices and warehousing facilities. From its main distribution hubs in Singapore, the PRC, Hong Kong and Taiwan, the Group distributes its products locally in these countries as well as exports them to more than 30 countries. Currently, it distributes to approximately 2,000 customers internationally. Some of the key international brands that YHI distributes include Yokohama, Nankang and Tornado for tyres, and Enkei and OZ for alloy wheels.

As an integrated ODM solutions provider, YHI provides a range of services from design and development to manufacturing and marketing and distribution of alloy wheels for customers. It designs and manufactures for major brands like LowenHart, Racing Hart, Giovana, Konig and 5-zigen. It has also created and marketed its own brand Advanti through its wide distribution network.

YHI has established a profitable track record over the past three years. Its turnover grew from S\$147.9 million in FY2000 to S\$176.9 million in FY2002 while its profit before tax grew from S\$6.5 million in FY2000 to S\$14.9m in FY2002. YHI's distribution business accounted for approximately 76.9% and 76.6% of turnover and profit before tax respectively, while the manufacturing business accounted for approximately 23.1% and 23.4% of turnover and profit before tax respectively for FY2002.

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