

YHI INTERNATIONAL LIMITED

PRESS RELEASE

YHI INTERNATIONAL LIMITED POSTS APPROXIMATELY 58% INCREASE IN INTERIM NET PROFIT TO S\$6.0 MILLION

Half-year highlights:

- **Turnover grows 23.7% to S\$100.2 million**
- **Profit before tax jumps 42.1% to S\$8.1 million**
- **Manufacturing division makes sharp turnaround with S\$2.1 million net profit as compared to loss position previously**
- **North East Asia auto boom powers growth, contributing S\$2.5 million net profit or a bigger share at about 40% of Group's bottomline**

Singapore, 26 August, 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 an approximately 58% increase in net profit (after minority interests) to S\$6.0 million for the half year ended 30 June 2003 from S\$3.8 million for the same period last year on a proforma basis as explained in the half-year financial announcement.

This was achieved on the back of a 23.7% jump in turnover to S\$100.2 million from S\$81 million previously.

Profit before tax of S\$8.1 million was approximately 42.1% higher than the S\$5.7 million in the corresponding period last year.

The robust performance of YHI International, which was listed on the Mainboard of the Singapore Exchange on 3 July 2003, was evident in the all-round growth of the Group's manufacturing as well as distribution business.

Commenting on the Group's results Mr Richard Tay, Managing Director of YHI International, said: "The strong performance reflects the management's foresight and vision in entering the China market, which is becoming the fastest growing auto centre in Asia, and the Group is reaping the rewards of the management's decision to move up the value chain to design and manufacture alloy wheels."

While distribution accounted for the bulk of YHI International's turnover, its core manufacturing division is growing in importance as the key growth driver for the Group. Manufacturing registered a sales growth of approximately S\$8.0 million to S\$25.3 million for the half-year ended 30 June 2003, a big increase of approximately 46% over the previous period. The distribution division continued to grow although at a slower pace than manufacturing. The distribution business posted a 17.6% growth to S\$74.9 million and contributed approximately 75% to total Group revenue, compared to approximately 79% previously.

Profit before tax for distribution business was S\$5.8 million, about 9% higher than previously. This was approximately 72% contribution to Group PBT, down from its share of approximately 92% in

the previous period.

At Group net profit level, the share from distribution dropped to approximately 67% reflecting the increasing contribution from the manufacturing of alloy wheels.

In terms of profitability, the manufacturing division managed a stunning turnaround, posting S\$2.1 million profit after tax (PAT) against a loss of approximately S\$0.1 million previously. This net profit contributed to approximately 33% of the Group's bottomline compared to a negative effect in the previous period.

All of the Group's key geographical markets showed robust growth.

North East Asia's strong revenue and profit increases underscored the region's emergence as the key growth driver for YHI International. Turnover grew S\$9.9 million to S\$38.1 million, accounting for approximately 38% of Group revenue compared to approximately 35% previously.

The North East Asia region's increasing contribution is even more evident in the net profit figures. PAT jumped to S\$2.5 million from S\$0.5 million, accounting for approximately 40% of Group PAT compared to approximately 12% previously.

Contributions from ASEAN and the Oceanic countries remained steady.

On the outlook for the company, Mr Tay said: "Barring unforeseen circumstances, YHI's performance in the second half of 2003 is expected to be better than the first half of 2003. In fact, we have started operations on our fourth production line in China and will continue to evaluate on the need for more production lines as demand for our quality automotive products grows."

The fourth production line at YHI Manufacturing (Shanghai) Co Ltd ("YHI Shanghai"), the Group's subsidiary, started operations in July 2003, raising the total production capacity of the plant to approximately 60,000 to 80,000 pieces of alloy wheels per month depending on the models of the alloy wheels.

As announced previously, YHI Shanghai secured two new contracts worth approximately US\$6 million (S\$10.54 million) for the supply of alloy wheels to NHK Sales Co Ltd and YFC Co Ltd, two of the largest wholesalers of automotive products in Japan. With these contracts, the order books for alloy wheels for YHI's Shanghai manufacturing facilities are full for delivery until December 2003.

As part of its long-term growth strategy, YHI intends to embark on a phased expansion programme to increase the number of production lines in its Shanghai plant to eight lines.

YHI is currently embarking on a pro-active marketing strategy in China to grow its market share for automotive products such as tyres through a network of Yokohama concept stores.

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 20 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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Release issued on behalf of YHI International Limited by
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