

YHI INTERNATIONAL LIMITED

PRESS RELEASE

YHI INTERNATIONAL LIMITED POSTS APPROXIMATELY 26.3% INCREASE IN Q3 NET PROFIT TO S\$4 MILLION

Quarter 3 highlights:

- **Turnover grows 28.2% to S\$58.8 million**
- **Profit before tax jumps 32% to S\$ 5 million**
- **Both manufacturing and distribution report healthy growth**
- **North East Asia auto boom continues to power growth – with revenue from manufacturing operations in Shanghai increasing by 100% in the first 9 months of FY03**

Singapore, 27 November 2003: SGX Mainboard-listed YHI International Limited (YHI), an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, today announced an approximately 26.3% increase in net profit to S\$4 million for the third quarter ended 30 September 2003 from S\$3.2 million for the same period last year. The robust growth in net profit was due mainly to higher earnings from the Group's manufacturing operations in Shanghai, China.

The profit increase was achieved on the back of a 28.2% jump in turnover to S\$58.8 million from S\$45.9 million previously. Turnover growth in manufacturing was mainly due to the increase in production lines in the Group's Shanghai plant, which operated 4 production lines in Q3 FY03. The Group's third production line in Shanghai only commenced operations in September 2002.

Profit before tax of S\$5 million was approximately 32% higher than the S\$3.8 million in the corresponding period last year.

The robust performance of YHI International in Q3 FY03 was due to the healthy growth from both its core businesses in the Group's manufacturing as well as distribution business.

The Group registered a proforma turnover of \$159 million for the 9 months of FY03 – up 25.3% compared to the first 9 months last year. Turnover from both distribution and manufacturing business segments continued to increase.

In terms of net profit, the Group recorded a jump of about 44% to S\$10 million for the first 9 months of FY03 compared to S\$7 million in the corresponding period last year. This was mainly due to the higher earnings from its Shanghai manufacturing plant.

Commenting on the Group's results Mr Richard Tay, Managing Director of YHI, said: "We are delighted with the strong set of results for the first 9 months of FY03. We enjoyed growth in both our core businesses and our key markets have all reported good results. The robust performance reflects the continued growth in the automotive industry – especially in China, which is expected to be the world's fastest growing auto centre. We have already started our 4th production line and we will also accelerate our expansion plans in China to capture the immense growth opportunities in the vast China market.

The recent opening of the Hangzhou Yokohama Tire Co., Ltd in Hangzhou and its intention to double its production capacity by next year brings good news for us. Our distribution rights for Yokohama tyres in China will contribute to drive our growth in this market. We have also increased our number of Yokohama concept stores from 8 to 12 stores now. In addition to expanding our distribution portfolio and network, we intend to accelerate our manufacturing plans in China. We are planning to commence our 5th production line and to enter into a JV in the PRC to set up a metal surface finishing facility for alloy wheels to meet the growing demand for chrome wheels in the export market. In view of the bright prospects for the automotive sector in China, and barring any unforeseen circumstances, we are confident that we will continue to enjoy good growth in the PRC in the foreseeable future."

YHI Shanghai had earlier 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.

As part of its long-term growth strategy, YHI intends to embark on a phased expansion programme to increase its production capacity.

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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