

**YHI INTERNATIONAL LIMITED**

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**PRESS RELEASE - YHI INTERNATIONAL LIMITED REPORTS APPROXIMATELY 50% INCREASE IN INTERIM NET PROFIT TO S\$9 MILLION AND PLANS FOR MANUFACTURING FACILITIES IN ASEAN**

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**PRESS RELEASE**

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**YHI INTERNATIONAL LIMITED REPORTS APPROXIMATELY 50% INCREASE IN INTERIM NET PROFIT TO S\$9 MILLION AND PLANS FOR MANUFACTURING FACILITIES IN ASEAN**

**Half-year highlights:**

- **Turnover grows 40% to S\$140.4 million**
- **Profit after tax increases approximately 50% to S\$9 million**
- **Growth driven by both distribution in ASEAN and manufacturing activities in PRC**
- **Group's fifth and sixth production lines started full production in July 2004 and order books full until the first half of 2005**
- **Supply of YOKOHAMA tyres in PRC and ASEAN expected to increase**
- **Group intends to set up manufacturing plant for the production of alloy wheels in ASEAN to meet increasing market demand.**

Singapore, August 13, 2004: 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 50% increase in net profit (after minority interest) to S\$9.0 million for the first half ended 30 June 2004 from S\$6.0 million for the same period last year.

The increase in net profit was mainly attributable to higher earnings from both its manufacturing operations in Shanghai and its distribution business in ASEAN. YHI also enjoyed higher gross profit, which increased by approximately S\$11.0 million to S\$36.8 million in the first half of FY2004 from S\$25.8 million in the first half of

FY2003. The overall gross profit rise was due to higher turnover achieved in both the distribution and manufacturing businesses.

Group turnover grew 40% to S\$140.4 million for the first half of FY2004 from S\$100.2 million recorded in the same period last year.

Turnover from the Group's distribution business increased by 33% to reach S\$99.6 million in the first half of FY2004 from S\$74.9 million in the corresponding period last year. The increase was due primarily to higher tyre sales volumes in ASEAN, PRC and Australia.

Turnover from YHI's manufacturing business saw stronger growth. Sales increased by about S\$15.5 million or 61% to S\$40.8 million in the first half of FY2004. from S\$25.3 million in the first half of FY2003. The increase in turnover from its Shanghai manufacturing facility was due to an increase in production capacity to meet the increased demand.

Commenting on the Group's results Mr Richard Tay, Managing Director of YHI, said: "We are pleased to report a set of sterling results for the Group for the first half of the year. Our earnings were driven by the strong performances of our two engines of growth – manufacturing and distribution. All our major markets have experienced robust increase in sales. This is a reflection of the strategic expansion plans that we have put in place in the past year. We installed more production lines in the PRC and expanded our distribution network in both PRC and ASEAN.

We expect to enjoy more good growth ahead as we continue to forge ahead with our expansion plans. Both distribution and manufacturing business segments within the Group are expected to have sales increases."

Mr Tay said YHI's distribution business will grow in both ASEAN and the PRC as the group has secured more supply of Yokohama tyres.

"Hangzhou Yokohama Tire Co Ltd is on track to supply to our distribution operations in PRC, while Yokohama Tire Philippines, Inc is also increasing its production capacity which will benefit our ASEAN operations. In addition to tyres, we have also started to distribute the Hitachi automotive batteries in PRC since the end of June 2004."

Despite the recent policies announced by the PRC government to cool the rapid economic growth in the country, YHI expects continuing positive growth for its manufacturing operations in China where exports remain our main focus.

The Group's manufacturing operations in Shanghai will be buoyed by the rising outsourcing trend by global alloy wheel manufacturers to outsource their production to lower-cost countries such as the PRC.

PRC has become a competitive production base for alloy wheels. YHI currently exports most of its alloy wheels manufactured in its Shanghai manufacturing facility to major markets such as North America, Europe and Japan. These markets will remain its key focus.

"In fact, both our fifth and sixth production lines in our Shanghai plant started full production in July 2004 and we are pleased to report that our order books are full until the first half of 2005," added Mr Tay.

Fuelled by rising automotive demand in ASEAN, which is increasingly becoming an important automotive hub, and following the implementation of the AFTA tariffs, the Group intends to set up a manufacturing plant for the production of alloy wheels in ASEAN.

"This proposed ASEAN manufacturing facility will leverage on our existing strong presence in ASEAN and it will also allow us to benefit from the significant tariff reduction following implementation of AFTA. With our proven track record in manufacturing since 1996, our learning curve is shortened and we will be able to minimize teething problems and take advantage of the huge market potential in ASEAN. All these developments augur well for us," Mr Tay said.

#### **About YHI International:**

The Group's distribution network spans Singapore, the PRC, Hong Kong, Taiwan, Malaysia, Japan, 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, Enkei and OZ for alloy wheels and Hitachi for both automotive and industrial batteries.

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 four years. Its turnover grew from S\$147.9 million in FY2000 to S\$220.7 million in FY2003 while its profit after tax grew from S\$4.8 million in FY2000 to S\$14.6 million in FY2003. YHI's distribution business accounted for approximately 73% and 66% of turnover and profit after tax respectively, while the manufacturing business accounted for approximately 27% and 34% of turnover and profit after tax respectively in FY2003.

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