

YHI INTERNATIONAL LIMITED

PRESS RELEASE

YHI INTERNATIONAL LIMITED POSTS APPROXIMATELY 28.2% INCREASE IN FY2003 NET PROFIT TO S\$14.6 MILLION

FY2003 highlights:

- **Turnover grows 24.7% to S\$220.7 million**
- **Both manufacturing and distribution report healthy growth**
- **Sales from Shanghai operations rose 72.5%**

Singapore, 26 February 2004: SGX Mainboard-listed YHI International Limited ("YHI" or "the Group"), an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, today announced an approximate 28.2% increase in net profit from S\$11.4 million in FY2002 to S\$14.6 million in FY2003. The robust growth in net profit was due mainly to higher earnings from the Group's manufacturing operations in Shanghai, China which enjoyed a 72.5% increase in sales.

Turnover from the manufacturing business improved by approximately S\$18 million or 44.1% from S\$40.8 million in FY2002 to S\$58.8 million in FY2003. The Shanghai operations recorded S\$17.7 million increase in sales due to the increase in the number of production lines from three to four lines in FY2003.

The Group's distribution business continued to do well – registering a sales increase of about S\$25.8 million or 19% from S\$136.1 million in FY 2002 to S\$161.9 million in FY2003.

The net profit increase was achieved on the back of a 24.7% jump in turnover to S\$220.7 million, from S\$176.9 million in previous year. Profit before tax of S\$19.2 million was approximately 29.1% higher than the S\$14.9 million in the corresponding period last year.

Both manufacturing and distribution registered increase in net profits. Profit after tax from the Group's manufacturing business also increased from S\$3.2 million in FY2002 to S\$5.0 million in FY2003 or approximately 56% while profit after tax from its distribution business grew approximately by 13% to S\$9.6 million compared to S\$8.5 million in FY2002.

Commenting on the Group's results Mr Richard Tay, Managing Director of YHI, said: "We are delighted with the strong set of results for FY2003, particularly growth in both our core businesses and key markets. Despite the problems with SARS and the Iraq-US war in the 1st half of 2003, the Group achieved a robust performance.

In 2003, we have also forged ahead with our expansion plans to grow our manufacturing business through the installation of our 4th production line in China and expand our distribution network, including the setting up of more Yokohama concept stores throughout China.

China will continue to be our key growth driver in the coming year and we intend to leverage on its strong domestic demand as well as its manufacturing base to target the global market. In view of the increasing global demand for chrome wheels, the Group is now accelerating plans to set up a metal surface finishing facility for alloy wheels in the PRC via a joint venture arrangement to commence production by the second quarter in 2004. As part of its long term growth strategy to tap into the fast growing automotive market in the PRC, the Group plans to commence its 5th production line for alloy wheels to target the replacement market by first half of 2004. The 6th production line for alloy wheels to target the export market is presently being evaluated and may also commence production by end 2004.

Together with our long-term partner Yokohama, we hope to further grow our tyre distribution business in China. The Hangzhou Yokohama Tire Co will be increasing its production capacity from 700,000 to 1.4 million tyres in 2005. We will also increase our Yokohama Concept Stores from current 16 to 200 stores by 2006.

In addition to this, we have recently sealed an agreement with Hitachi to distribute its automotive batteries in China. The strategic alliance with Hitachi to allow YHI to distribute Hitachi automotive batteries in PRC will also bring benefits to the Group in the distribution business segment. These developments augur well for us."

About YHI International:

A homegrown company with a history of more than 56 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, 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\$220.7million 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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