

YHI INTERNATIONAL LIMITED

Half Year Financial Statement And Dividend Announcement for the Period Ended 30/06/2004

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement (Q2 FY2004 vs Q2 FY2003)

	Group (Actual)	Group (Proforma)		Group (Actual)
	01/04/04- 30/06/04 S\$'000	01/04/03- 30/06/03 S\$'000	Incr/(Decr) %	16/05/03- 30/06/03 S\$000
Sales	75,016	52,839	42.0	24,556
Cost of sales	(55,028)	(38,802)	41.8	(18,145)
Gross profit	19,988	14,037	42.4	6,411
Other operating income	244	198	23.2	139
Distribution costs	(6,985)	(4,661)	49.9	(1,915)
Administrative expenses	(6,179)	(4,184)	47.7	(2,084)
Other operating expenses	(269)	(333)	(19.2)	(217)
Operating profit	6,799	5,057	34.4	2,334
Finance income	17	4	325.0	4
Finance cost	(392)	(722)	(45.7)	(348)
Profit before tax	6,424	4,339	48.1	1,990
Tax	(1,532)	(1,054)	45.3	(442)
Profit after tax	4,892	3,285	48.9	1,548
Minority interests	(105)	(162)	(35.2)	(76)
Profit attributable to shareholders	4,787	3,123	53.3	1,472

Explanatory Notes :-

- (a) The YHI International Limited Group was formed as a result of a Restructuring Exercise undertaken pursuant to a Restructuring agreement dated 16 May 2003 as described in the Prospectus dated 24 June 2003. As such, comparatives for 2003 are based on proforma basis on the assumption that the Group structure had been in place since 1 January 2003.
- (b) The proforma financial statements of the Group, because of their nature, may not give a true picture of the Group's financial position on results. The proforma financial statements of the Group are not necessarily indicative of results of the operations or related effects on the financial position that would have been attained had the Group actually existed earlier.

Notes to Income Statement (Q2 FY2004 vs Q2 FY2003):-

	Group (Actual)	Group (Proforma)	Group (Actual)
	01/04/04- 30/06/04	01/04/03- 30/06/03	16/05/03- 30/06/03
	S\$'000	S\$'000	S\$'000
Other income including interest income	17	4	4
Interest on borrowings	(392)	(722)	(348)
Depreciation	(1,223)	(832)	(482)
Amortisation of goodwill	(25)	-	14
Allowance for doubtful debts and bad debts written off	(899)	(777)	(267)
Allowance for slow-moving and obsolete inventories	(297)	192	9
Inventory written off	(26)	(28)	-
Foreign exchange gain	292	47	36
Profit on sale of other investments, properties, and/or plant and equipment	1	25	27

1(a)(ii) Income statement (1H FY2004 vs 1H FY2003)

	Group (Actual)	Group (Proforma)	Incr/(Decr) %	Group (Actual)
	01/01/04- 30/06/04	01/01/03- 30/06/03		16/05/03- 30/06/03
	S\$'000	S\$'000		S\$'000
Sales	140,443	100,230	40.1	24,556
Cost of sales	(103,602)	(74,359)	39.3	(18,145)
Gross profit	36,841	25,871	42.4	6,411
Other operating income	390	458	(14.8)	139
Distribution costs	(12,879)	(8,676)	48.4	(1,915)
Administrative expenses	(10,819)	(7,492)	44.4	(2,084)
Other operating expenses	(931)	(681)	36.7	(217)
Operating profit	12,602	9,480	32.9	2,334
Finance income	36	8	350.0	4
Finance cost	(749)	(1,432)	(47.7)	(348)
Profit before tax	11,889	8,056	47.6	1,990
Tax	(2,594)	(1,742)	48.9	(442)
Profit after tax	9,295	6,314	47.2	1,548
Minority interests	(292)	(289)	1.0	(76)
Profit attributable to shareholders	9,003	6,025	49.4	1,472

Notes to Income Statement (1H FY2004 vs 1H FY2003):-

	Group (Actual)	Group (Proforma)	Group (Actual)
	01/01/04- 30/06/04	01/01/03- 30/06/03	16/05/03- 30/06/03
	S\$'000	S\$'000	S\$'000
Other income including interest income	36	8	4
Interest on borrowings	(749)	(1,432)	(348)
Depreciation	(2,310)	(1,646)	(482)
Amortisation of goodwill	(50)	-	14
Allowance for doubtful debts and bad debts written off	(1,514)	(1,183)	(267)
Allowance for slow-moving and obsolete inventories	(673)	(70)	9
Inventory written off	(35)	(68)	-
Foreign exchange gain	93	79	36

Profit on sale of other investments, properties, and/or plant and equipment	26	27	27
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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets	Group (Actual) 30/06/04 S\$'000	Group (Actual) 31/12/03 S\$'000	Company (Actual) 30/06/04 S\$'000	Company (Actual) 31/12/03 S\$'000
Current assets:				
Cash at bank and on hand	17,888	24,394	3,050	14,064
Receivables	52,172	43,932	33,858 *	33,891 *
Inventories	49,745	37,229	-	-
Other current assets	3,032	2,460	217	5
Total current assets	122,837	108,015	37,125	47,960
Non-current assets:				
Investment in subsidiaries	-	-	41,629	34,963
Other investment	3,707	128	-	-
Property, plant and equipment	47,550	41,924	373	-
Intangibles	892	942	-	-
Deferred tax assets	1,555	1,534	8	20
Total non-current assets	53,704	44,528	42,010	34,983
Total assets	176,541	152,543	79,135	82,943
Current liabilities:				
Trade and other payables	36,099	24,431	674	4,197
Borrowings	29,512	23,223	20	-
Provision for current tax	2,035	1,358	10	8
Dividends	-	2,314	-	-
Provision	290	290	-	-
Total current liabilities	67,936	51,616	704	4,205
Non-current liabilities:				
Borrowings	9,241	9,965	-	-
Deferred tax liabilities	2,279	2,304	-	-
Total non-current liabilities	11,520	12,269	-	-
Total liabilities	79,456	63,885	704	4,205
Net assets	97,085	88,658	78,431	78,738
Shareholders' equity	94,962	87,221	78,431	78,738
Minority interests	2,123	1,437	-	-
	97,085	88,658	78,431	78,738

* The receivables for the Company pertain to balances with its related companies.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$29,512,000	0	S\$23,223,000	0

Amount repayable after one year

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$3,991,000	S\$5,250,000	S\$4,715,000	S\$5,250,000

Details of any collateral

The Group's borrowings are secured by the following:-

- (i) a first legal mortgage on the Group's freehold and leasehold properties;
 - (ii) a first legal charge on office equipment, plant and machinery of a subsidiary;
 - (iii) a first and floating charge on all the assets of a subsidiary;
 - (iv) corporate guarantee from the Company;
 - (v) banker's guarantee, up to \$7.9 million, given as security to another financial institution which granted banking facilities to a subsidiary. The banker's guarantee is in turn secured by a first and floating charge on all the assets of a subsidiary as referred to paragraph (iii) above.
- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1 (c)(i) Cash flows statement (Q2 FY2004 vs Q2 FY2003)

	Group (Actual)	Group (Proforma)	Group (Actual)
	01/04/04- 30/06/04	01/04/03- 30/06/03	16/05/03- 30/06/03
	S\$000	S\$000	S\$000
Cash flows from operating activities:			
Profit before tax	6,424	4,339	1,990
Adjustments for:			
Depreciation of property, plant and equipment	1,223	832	482
Profit on sale of property, plant and equipment	(1)	(29)	(27)
Loss on disposal of other investment	-	4	-
Interest expense	392	722	348
Interest income	(17)	(4)	(4)
Amortisation of goodwill on consolidation	53	-	2
Amortisation of negative goodwill on consolidation	(28)	-	(16)
Exchange differences	286	(40)	11
Operating cash flow before working capital changes	8,332	5,824	2,786
Changes in operating assets and liabilities			
Receivables	1,748	(3,296)	(218)
Other current assets	(445)	1,453	952
Inventories	(10,359)	(3,420)	(2,075)
Payables	8,382	7,189	4,002
Cash generated from operations	7,658	7,750	5,447
Income tax paid	(1,576)	(1,056)	(68)
Net cash inflow from operating activities	6,082	6,694	5,379
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	41	54	44
Purchase of property, plant and equipment	(6,667)	(3,696)	(2,359)
Proceed from sale of club membership	-	4	-
Proceeds from minority interest	63	-	-
Purchase of subsidiary, net of cash acquired	1,019	-	-
Interest received	17	4	4

Net cash outflow from investing activities		(5,527)	(3,634)	(2,311)
Cash flows from financing activities:				
Interest paid		(380)	(842)	(409)
Proceeds/(repayment) from trust receipts loans		1,177	(108)	(29)
Repayment of long-term bank loans		(325)	(347)	(151)
Proceeds/(repayment) of short-term bank loans		4,372	647	(722)
Repayment of finance lease liabilities		(176)	(41)	(13)
Dividends paid		(3,775)	(69)	(26)
Net cash inflow/(outflow) from financing activities		893	(760)	(1,350)
Net increase in cash and cash equivalents held		1,448	2,300	1,718
Cash and cash equivalents at the beginning of the financial period		15,714	3,176	3,638
Effects of exchange rate changes on cash and cash equivalents		88	(18)	102
Cash and cash equivalents at the end of the financial period		17,250	5,458	5,458

Explanatory Notes:-

	Group (Actual)	Group (Proforma)	Group (Actual)
	01/04/04- 30/06/04	01/04/03- 30/06/03	16/05/03- 30/06/03
	S\$'000	S\$'000	S\$'000
Cash and cash equivalents comprise: -			
Cash at bank and on hand	17,888	5,603	5,603
Bank overdrafts	(638)	(145)	(145)
	17,250	5,458	5,458
Purchase of subsidiary:-			
Cash and bank balances	1,211	-	-
Less: Minority interest	(342)	-	-
Net identifiable assets purchased	869	-	-
Investment paid in Q1	(677)	-	-
Total consideration	192	-	-
Less: Cash and cash equivalent in subsidiary acquired	(1,211)	-	-
Net cash inflow from purchase of a subsidiary	(1,019)	-	-

1 (c)(ii) Cash flows statement (1H FY2004 vs 1H FY2003)

	Group (Actual)	Group (Proforma)	Group (Actual)
	01/01/04- 30/06/04	01/01/03- 30/06/03	16/05/03- 30/06/03
	S\$000	S\$000	S\$000
Cash flows from operating activities:			
Profit before tax	11,889	8,056	1,990
Adjustments for:			
Depreciation of property, plant and equipment	2,310	1,646	482
Profit on sale of property, plant and equipment	(26)	(31)	(27)
Loss on disposal of other investment	-	4	-
Interest expense	749	1,432	348
Interest income	(36)	(8)	(4)
Amortisation of goodwill on consolidation	99	-	2
Amortisation of negative goodwill on consolidation	(49)	-	(16)
Exchange differences	152	(125)	11
Operating cash flow before working capital changes	15,088	10,974	2,786
Changes in operating assets and liabilities			
Receivables	(8,240)	(7,576)	(218)
Other current assets	(572)	376	952
Inventories	(12,516)	(2,422)	(2,075)
Payables	11,907	3,757	4,002
Cash generated from operations	5,667	5,109	5,447
Income tax paid	(1,963)	(1,211)	(68)
Net cash inflow from operating activities	3,704	3,898	5,379
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	66	70	44

Purchase of property, plant and equipment	(7,957)	(4,897)	(2,359)
Proceed from sale of club membership	-	4	-
Proceeds from minority interest	63	-	-
Purchase of subsidiary, net of cash acquired	342	-	-
Purchase of share in unquoted investment	(3,579)	-	-
Interest received	36	8	4
Net cash outflow from investing activities	(11,029)	(4,815)	(2,311)
Cash flows from financing activities:			
Interest paid	(712)	(1,427)	(409)
Proceeds/(repayment) from trust receipts loans	6,757	1,575	(29)
Repayment of long-term bank loans	(1,044)	(814)	(151)
Repayment of short-term bank loans	(323)	(160)	(722)
Repayment of finance lease liabilities	(228)	(152)	(13)
Dividends paid	(3,775)	(206)	(26)
Net cash inflow/(outflow) from financing activities	675	(1,184)	(1,350)
Net increase/(decrease) in cash and cash equivalents held	(6,650)	(2,101)	1,718
Cash and cash equivalents at the beginning of the financial period	23,894	7,443	3,638
Effects of exchange rate changes on cash and cash equivalents	6	116	102
Cash and cash equivalents at the end of the financial period	17,250	5,458	5,458

Explanatory Notes:-

	Group (Actual)	Group (Proforma)	Group (Actual)
	01/01/04- 30/06/04	01/01/03- 30/06/03	16/05/03- 30/06/03
	S\$'000	S\$'000	S\$'000
Cash and cash equivalents comprise:-			
Cash at bank and on hand	17,888	5,603	5,603
Bank overdrafts	(638)	(145)	(145)
	17,250	5,458	5,458
Purchase of subsidiary:-			
Cash and bank balances	1,211	-	-
Less: Minority interest	(342)	-	-
Net identifiable assets purchased / Total consideration	869	-	-
Less: Cash and cash equivalent in subsidiary acquired	(1,211)	-	-
Net cash inflow from purchase of a subsidiary	(342)	-	-

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Share capital	Share premium	Foreign currency translation reserve	General reserve	Retained profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group (Actual)						
Balance at 1 January 2004	48,716	28,285	180	723	9,317	87,221
Net profit	-	-	-	-	9,003	9,003
Transfer to General Reserve	-	-	-	98	(98)	-
Dividend	-	-	-	-	(1,461)	(1,461)
Foreign currency translation differences	-	-	199	-	-	199
Balance at 30 June 2004	48,716	28,285	379	821	16,761	94,962

	Total
	S\$'000

The Group (Proforma)		
Balance at 1 January 2003		(3)
Issue of shares pursuant to the Restructuring Exercise		34,116
Net profit		1,472
Foreign currency translation difference		904
Balance at 30 June 2003		36,489

Explanatory Note:-

The comparatives for the proforma statement of changes in equity of the Group for the period ended 30 June 2003 are prepared on the assumption that the Group structure had been in place since 1 January 2003.

	Share capital	Share premium	Retained profit	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company (Actual)				
Balance at 1 January 2004	48,716	28,285	1,737	78,738
Net Profit	-	-	1,154	1,154
Dividend	-	-	(1,461)	(1,461)
Balance at 30 June 2004	48,716	28,285	1,430	78,431

	Share capital	Share premium	(Accumulated loss)/Retained profit	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company (Actual)				
Balance at 1 January 2003	*	-	(3)	(3)
Issue of shares pursuant to the Restructuring Exercise	34,116	-	-	34,116
Net Profit	-	-	24	24
Balance at 30 June 2003	34,116	-	21	34,137

* The share capital is S\$2.00.

Explanatory Note:-

The YHI International Limited Group was formed on 16 May 2003 pursuant to a Restructuring Exercise as described in the Prospectus dated 24 June 2003.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

(a) Changes In Authorised Share Capital

There was no change in the authorised share capital of the Company. The total authorised number of ordinary share is 500 million shares with a par value of \$0.20 per share.

(b) Changes In Issued And Fully Paid Ordinary Shares

There was no change in the issued and paid up share capital of the Company.

	Number of shares	S\$
Balance at 1 January 2004	243,579,845	48,715,969
Issue of ordinary shares	-	-
Balance at 30 June 2004	243,579,845	48,715,969

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2003.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share	Group (Actual)	Group (Proforma)	Group (Actual)	Group (Proforma)	Group (Actual)
	<u>01/04/04</u> <u>-30/06/04</u> Q2 FY2004	<u>01/04/03 -</u> <u>30/06/03</u> Q2 FY2003	<u>01/01/04</u> <u>-30/06/04</u> 1H FY2004	<u>01/01/03</u> <u>-30/06/03</u> 1H FY2003	<u>16/05/03</u> <u>-30/06/03</u>
(a) Based on the number of ordinary shares on issue (cents)	1.97	1.83	3.70	3.53	NM
(b) On fully diluted basis (cents)	NA	NA	NA	NA	NA

NA – Not Applicable
NM – Not Meaningful

- (a) The earnings per share at 1.97 cents and 3.70 cents for Q2 FY2004 and 6 months ended 30 June 2004 respectively are based on the number of shares in issue of 243,579,845 ordinary

shares.

- (b) The earnings per share for Q2 FY2003 and 6 months ended 30 June 2003 are based on the pre-invitation share capital of 170,579,845 ordinary shares.
- (c) Diluted earnings per share have not been calculated as no diluting events existed during these periods. No share options were granted to any employees during these periods.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
- (a) current financial period reported on; and
 - (b) immediately preceding financial year.

Net asset value per share	Group (Actual)	Group (Actual)	Company (Actual)	Company (Actual)
	30/06/04	31/12/03	30/06/04	31/12/03
Net asset value per ordinary share (cents)	38.99	35.81	32.20	32.33

Net asset value per ordinary share as at 30 June 2004 and 31 December 2003 was calculated based on the number of shares in issue of 243,579,845 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF SECOND QUARTER FINANCIAL RESULTS AND FINANCIAL POSITION (Q2 FY2004 VS Q2 FY2003)

The Group's turnover for Q2 of FY2004 amounted to S\$75.0 million. This was S\$22.2 million or 42.0% higher than the S\$52.8 million recorded in Q2 of FY2003. The increase was attributable to continuous growth in both the distribution and manufacturing business segments.

Turnover from the distribution business increased by approximately S\$12.9 million or 33.2% from S\$38.8 million in Q2 of FY2003 to S\$51.7 million in Q2 of FY2004. The increase was due to higher tyre sales volumes achieved in all our operations particularly in ASEAN, PRC and Australia.

Turnover from the manufacturing business increased by approximately S\$9.3 million or 66.4% from S\$14.0 million in Q2 of FY2003 to S\$23.3 million in Q2 of FY2004. Comparing Q2 of FY2004 with Q2 of FY2003, the increase in turnover from the operations in Shanghai was due to an increase in production capacity to meet the increased demand.

Gross profit increased by approximately S\$5.9 million from S\$14.0 million in Q2 of FY2003 to S\$19.9 million in Q2 of FY2004. The overall increase in gross profit of about 42.0% was in line with higher turnover. The increase in distribution costs and administrative expenses in Q2 of FY2004 as compared to the same period of FY2003 was in line with increased operating activities and due to the expanded operations overseas particularly in PRC, where both our distribution and manufacturing business segments are experiencing continuous growth.

Profit after taxation and minority interests increased by approximately S\$1.7 million to S\$4.8 million in Q2 of FY2004 as compared to S\$3.1 million for the same period in FY2003.

REVIEW OF SIX MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (1H FY2004 VS 1H FY2003)

Group's turnover and profitability in first half of FY2004 were better than first half of FY2003.

The Group's turnover of S\$140.4 million for the first half of FY2004 was S\$40.2 million or 40.1% higher than the S\$100.2 million recorded in first half of FY2003. Both the distribution and manufacturing businesses continued to experience good growth.

Turnover from the distribution business increased by approximately S\$24.7 million or 33.0% from S\$74.9 million in the first half of FY2003 to S\$99.6 million in the first half of FY2004. The increase was due primarily to higher tyre sales volumes in ASEAN, PRC and Australia.

Turnover from the manufacturing business increased by approximately S\$15.5 million or 61.2% from S\$25.3 million in the first half of FY2003 to S\$40.8 million in the first half of FY2004. This increase was due primarily to increase in turnover from the operations in Shanghai which had 4 production lines in 1H FY2004 as compared to 3 production lines for the same period in the previous year.

Gross profit increased by approximately S\$11.0 million from S\$25.8 million in the first half of FY2003 to S\$36.8 million in the first half of FY2004. The overall increase in gross profit was due to higher turnover achieved in both the distribution and manufacturing businesses.

The increase in distribution costs and administrative expenses in the first half of FY2004 as compared to the same period of FY2003 was in line with increased operating and production activities. Compared to the same period last year, the decrease in finance cost was attributable to lower interest expenses following repayment of short term bank loans.

Profit after taxation and minority interests increased by approximately S\$3.0 million to S\$9.0 million in the first half of FY2004 as compared to S\$6.0 million in the corresponding period in FY2003. This was mainly attributable to higher earnings from manufacturing operations in Shanghai as well as from our distribution business in ASEAN.

Property, plant and equipment increased by approximately S\$5.6 million due primarily to capital expenditures relating to the operations in Shanghai and Wuxi, for the manufacturing and chroming of alloy wheels respectively.

Total current assets increased by approximately S\$14.8 million mainly due to increase in receivables of approximately S\$8.2 million and inventory of approximately S\$12.5 million which were in line with higher turnover. A decrease in cash and cash equivalents of approximately S\$6.5 million was due primarily to funding of PRC expansion programs.

Total current liabilities increased by approximately S\$16.3 million mainly due to increase in trade and other payables which was in line with increased sales activities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Both distribution and manufacturing business segments within the Group are expected to see further

increase in sales.

Distribution business, particularly tyre sales will continue to increase in ASEAN and PRC operations attributable to availability of more supply of Yokohama tyres. The Hangzhou Yokohama Tire Co Ltd is on track to supply our operation in PRC. Yokohama Tire Philippines, Inc is also increasing its production capacity and this will bring benefits to the ASEAN operations.

In addition, our PRC operation has also started to distribute the Hitachi automotive batteries in PRC since the end of June 2004.

Demand for global alloy wheels remains buoyant especially with more closure of rim manufacturers worldwide. PRC has become a competitive production base for alloy wheels and our current exports of alloy wheels out of our Shanghai manufacturing operations, particularly to North America, Europe and Japan, will continue to remain our main focus. Both our fifth and sixth production lines have started full production in July 2004 and our order books are full until the first half of 2005.

Following the implementation of the ASEAN Free Trade Area (AFTA) tariffs, our Group intends to set up a manufacturing plant for the production of alloy wheels in ASEAN to increase the production capacity to meet the increasing market demand for alloy wheels in ASEAN.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the period ended 30 June 2004.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable to Q1, Q2 & Q3 results.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable to Q1, Q2 & Q3 results.

- 15. A breakdown of sales:-**

Not applicable to Q1, Q2 & Q3 results.

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year ()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

Not applicable to Q1, Q2 & Q3 results.

BY ORDER OF THE BOARD

Yuen Sou Wai
Executive Director
13/08/2004