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\* Asterisks denote mandatory information

Name of Announcer *	YHI INTERNATIONAL LIMITED
Company Registration No.	200007455H
Announcement submitted on behalf of	YHI INTERNATIONAL LIMITED
Announcement is submitted with respect to *	YHI INTERNATIONAL LIMITED
Announcement is submitted by *	YUEN SOU WAI
Designation *	EXECUTIVE DIRECTOR
Date & Time of Broadcast	12-Nov-2004 17:44:22
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**>> Announcement Details**

The details of the announcement start here ...

Announcement Title \*

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30/09/2004

Description

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## YHI INTERNATIONAL LIMITED

### Third Quarter Financial Statement And Dividend Announcement for the Period Ended 30/09/2004

#### 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 (Q3 FY2004 vs Q3 FY2003)

	Group (Actual) 01/07/04- 30/09/04 S\$'000	Group (Proforma) 01/07/03- 30/09/03 S\$'000	Incr/(Decr) %	Group (Actual) 01/07/03- 30/09/03 S\$'000
Sales	81,318	58,821	38.2	58,821
Cost of sales	(59,510)	(42,813)	39.0	(42,813)
<b>Gross profit</b>	<b>21,808</b>	<b>16,008</b>	<b>36.2</b>	<b>16,008</b>
Other operating income	115	39	194.9	64
Distribution costs	(6,726)	(4,889)	37.6	(4,889)
Administrative expenses	(6,457)	(5,039)	28.1	(5,039)
Other operating expenses	(667)	(556)	20.0	(556)
<b>Operating profit</b>	<b>8,073</b>	<b>5,563</b>	<b>45.1</b>	<b>5,588</b>
Finance income	14	39	(64.1)	39
Finance cost	(442)	(559)	(20.9)	(559)
<b>Profit before tax</b>	<b>7,645</b>	<b>5,043</b>	<b>51.6</b>	<b>5,068</b>
Tax	(1,807)	(818)	120.9	(823)
<b>Profit after tax</b>	<b>5,838</b>	<b>4,225</b>	<b>38.2</b>	<b>4,245</b>
Minority interests	115	(220)	NM	(220)
<b>Profit attributable to shareholders</b>	<b>5,953</b>	<b>4,005</b>	<b>48.6</b>	<b>4,025</b>

NM – Not Meaningful

#### 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 (Q3 FY2004 vs Q3 FY2003):-**

	<b>Group (Actual) 01/07/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/07/03- 30/09/03 S\$'000</b>	<b>Group (Actual) 01/07/03- 30/09/03 S\$'000</b>
Other income including interest income	14	39	39
Interest on borrowings	(442)	(559)	(559)
Depreciation	(1,334)	(1,013)	(1,013)
Amortisation of goodwill	(25)	-	25
Allowance for doubtful debts and bad debts written off	(448)	(520)	(520)
Allowance for slow-moving and obsolete inventories	(569)	(528)	(528)
Inventory written off	(21)	(24)	(24)
Foreign exchange loss	(171)	(147)	(147)
Profit/(loss) on sale of other investments, properties, and/or plant and equipment	6	(4)	(4)

**1(a)(ii) Income statement (YTD Sep 2004 vs YTD Sep 2003)**

	<b>Group (Actual) 01/01/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/01/03- 30/09/03 S\$'000</b>	<b>Incr/(Decr) %</b>	<b>Group (Actual) 16/05/03- 30/09/03 S\$'000</b>
Sales	221,761	159,051	39.4	83,377
Cost of sales	(163,112)	(117,172)	39.2	(60,958)
<b>Gross profit</b>	<b>58,649</b>	<b>41,879</b>	<b>40.0</b>	<b>22,419</b>
Other operating income	505	497	1.6	203
Distribution costs	(19,605)	(13,565)	44.5	(6,804)
Administrative expenses	(17,276)	(12,531)	37.9	(7,123)
Other operating expenses	(1,598)	(1,237)	29.2	(773)
<b>Operating profit</b>	<b>20,675</b>	<b>15,043</b>	<b>37.4</b>	<b>7,922</b>
Finance income	50	47	6.4	43
Finance cost	(1,191)	(1,991)	(40.2)	(907)
<b>Profit before tax</b>	<b>19,534</b>	<b>13,099</b>	<b>49.1</b>	<b>7,058</b>
Tax	(4,401)	(2,560)	71.9	(1,265)
<b>Profit after tax</b>	<b>15,133</b>	<b>10,539</b>	<b>43.6</b>	<b>5,793</b>
Minority interests	(177)	(509)	(65.2)	(296)
<b>Profit attributable to shareholders</b>	<b>14,956</b>	<b>10,030</b>	<b>49.1</b>	<b>5,497</b>

**Notes to Income Statement (YTD Sep 2004 vs YTD Sep 2003):-**

	<b>Group (Actual) 01/01/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/01/03- 30/09/03 S\$'000</b>	<b>Group (Actual) 16/05/03- 30/09/03 S\$'000</b>
Other income including interest income	50	47	43
Interest on borrowings	(1,191)	(1,991)	(907)
Depreciation	(3,644)	(2,659)	(1,495)
Amortisation of goodwill	(75)	-	39
Allowance for doubtful debts and bad debts written off	(1,961)	(1,703)	(787)
Allowance for slow-moving and obsolete inventories	(1,242)	(598)	(519)
Inventory written off	(56)	(92)	(24)
Foreign exchange loss	(77)	(68)	(111)
Profit on sale of other investments, properties, and/or plant and equipment	32	23	23

**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**

<b>Balance Sheets</b>	<b>Group (Actual) 30/09/04 S\$'000</b>	<b>Group (Actual) 31/12/03 S\$'000</b>	<b>Company (Actual) 30/09/04 S\$'000</b>	<b>Company (Actual) 31/12/03 S\$'000</b>
<b>Current assets:</b>				
Cash at bank and on hand	13,917	24,394	2,152	14,064
Receivables	59,993	43,932	31,861 *	33,891 *
Inventories	47,239	37,229	-	-
Other current assets	2,765	2,460	19	5
<b>Total current assets</b>	<b>123,914</b>	<b>108,015</b>	<b>34,032</b>	<b>47,960</b>
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	45,049	34,963
Other investment	3,743	128	-	-
Property, plant and equipment	51,308	41,924	547	-
Intangibles	886	942	-	-
Deferred tax assets	1,564	1,534	-	20
<b>Total non-current assets</b>	<b>57,501</b>	<b>44,528</b>	<b>45,596</b>	<b>34,983</b>
<b>Total assets</b>	<b>181,415</b>	<b>152,543</b>	<b>79,628</b>	<b>82,943</b>
<b>Current liabilities:</b>				
Trade and other payables	39,487	24,431	734	4,197
Borrowings	25,940	23,223	13	-
Provision for current tax	2,375	1,358	208	8
Dividends	-	2,314	-	-
Provision	288	290	-	-
<b>Total current liabilities</b>	<b>68,090</b>	<b>51,616</b>	<b>955</b>	<b>4,205</b>
<b>Non-current liabilities:</b>				
Borrowings	8,280	9,965	-	-
Deferred tax liabilities	2,174	2,304	3	-
<b>Total non-current liabilities</b>	<b>10,454</b>	<b>12,269</b>	<b>3</b>	<b>-</b>
<b>Total liabilities</b>	<b>78,544</b>	<b>63,885</b>	<b>958</b>	<b>4,205</b>
<b>Net assets</b>	<b>102,871</b>	<b>88,658</b>	<b>78,670</b>	<b>78,738</b>
Shareholders' equity	100,435	87,221	78,670	78,738
Minority interests	2,436	1,437	-	-
	<b>102,871</b>	<b>88,658</b>	<b>78,670</b>	<b>78,738</b>

\* 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**

<b>Group (Actual) As at 30/09/04</b>		<b>Group (Actual) As at 31/12/03</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
25,940	-	23,223	-

**Amount repayable after one year**

<b>Group (Actual) As at 30/09/04</b>		<b>Group (Actual) As at 31/12/03</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,030	5,250	4,715	5,250

**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 (Q3 FY2004 vs Q3 FY2003)**

	<b>Group (Actual) 01/07/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/07/03- 30/09/03 S\$'000</b>	<b>Group (Actual) 01/07/03- 30/09/03 S\$'000</b>
Cash flows from operating activities:			
Profit before tax	7,645	5,043	5,068
Adjustments for:			
Depreciation of property, plant and equipment	1,334	1,013	1,013
Loss/(profit) on sale of property, plant and equipment	(6)	4	4
Interest expense	442	559	559
Interest income	(14)	(39)	(39)
Amortisation of goodwill on consolidation	38	-	(25)
Amortisation of negative goodwill on consolidation	(13)	-	-
Exchange differences	(50)	(8)	(8)
Operating cash flow before working capital changes	<b>9,376</b>	<b>6,572</b>	<b>6,572</b>
Changes in operating assets and liabilities			
Receivables	(7,821)	(1,572)	(1,572)
Other current assets	267	196	196
Inventories	2,506	(87)	(87)
Payables	3,421	(170)	(170)
Cash generated from operations	<b>7,749</b>	<b>4,939</b>	<b>4,939</b>
Income tax paid	(1,592)	(825)	(825)
<b>Net cash inflow from operating activities</b>	<b>6,157</b>	<b>4,114</b>	<b>4,114</b>
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	6	28	28
Purchase of property, plant and equipment	(5,398)	(1,433)	(1,433)
Purchase of club membership	-	(54)	(54)
Net proceeds from minority interests	483	-	-
Acquisition of additional interests in a subsidiary	(78)	-	-
Purchase of shares in unquoted investment	(37)	-	-
Interest received	14	39	39
<b>Net cash outflow from investing activities</b>	<b>(5,010)</b>	<b>(1,420)</b>	<b>(1,420)</b>
Cash flows from financing activities:			
Proceeds from issuing shares	-	29,000	29,000
Share issue expenses paid	-	(2,397)	(2,397)
Interest paid	(469)	(628)	(628)
Repayment of trust receipts loans	(8,537)	(6,565)	(6,565)
Repayment of long-term bank loans	(1,171)	(377)	(377)
Proceeds from/(repayment of) short-term bank loans	5,130	(15,602)	(15,602)
Repayment of finance lease liabilities	(37)	(28)	(28)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(5,084)</b>	<b>3,403</b>	<b>3,403</b>
Net (decrease)/increase in cash and cash equivalents held	(3,937)	6,097	6,097
Cash and cash equivalents at the beginning of the financial period	17,250	5,458	5,458
Effects of exchange rate changes on cash and cash equivalents	(63)	(59)	(59)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>13,250</b>	<b>11,496</b>	<b>11,496</b>

**Explanatory Notes:-**

Cash and cash equivalents comprise: -

Cash at bank and on hand  
Bank overdrafts

<b>Group (Actual) 01/07/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/07/03- 30/09/03 S\$'000</b>	<b>Group (Actual) 01/07/03- 30/09/03 S\$'000</b>
13,917	12,258	12,258
(667)	(762)	(762)
<b>13,250</b>	<b>11,496</b>	<b>11,496</b>

**1 (c)(ii) Cash flows statement (YTD Sept FY2004 vs YTD Sept FY2003)**

Cash flows from operating activities:

Profit before tax

Adjustments for:

Depreciation of property, plant and equipment

Profit on sale of property, plant and equipment

Loss on disposal of other investment

Interest expense

Interest income

Amortisation of goodwill on consolidation

Amortisation of negative goodwill on consolidation

Exchange differences

Operating cash flow before working capital changes

Changes in operating assets and liabilities

Receivables

Other current assets

Inventories

Payables

Cash generated from operations

Income tax paid

**Net cash inflow from operating activities**

Cash flows from investing activities:

Proceeds from sale of property, plant and equipment

Purchase of property, plant and equipment

Proceed from sale of club membership

Purchase of club membership

Net proceeds from minority interests

Purchase of a subsidiary, net of cash acquired

Acquisition of additional interests in a subsidiary

Purchase of share in unquoted investment

Interest received

**Net cash outflow from investing activities**

Cash flows from financing activities:

Proceeds from issuing shares

Share issue expenses paid

Interest paid

Repayment of trust receipts loans

Repayment of long-term bank loans

Proceeds from/(repayment of) short-term bank loans

Repayment of finance lease liabilities

Dividend payment to minority interest

Dividends paid

**Net cash inflow/(outflow) from financing activities**

<b>Group (Actual) 01/01/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/01/03- 30/09/03 S\$'000</b>	<b>Group (Actual) 16/05/03- 30/09/03 S\$'000</b>
19,534	13,099	7,058
3,644	2,659	1,495
(32)	(27)	(23)
-	4	-
1,191	1,991	907
(50)	(47)	(43)
137	-	-
(62)	-	(39)
102	(133)	3
<b>24,464</b>	<b>17,546</b>	<b>9,358</b>
(16,061)	(9,148)	(1,790)
(305)	572	1,148
(10,010)	(2,509)	(2,162)
15,328	3,587	3,832
<b>13,416</b>	<b>10,048</b>	<b>10,386</b>
(3,555)	(2,036)	(893)
<b>9,861</b>	<b>8,012</b>	<b>9,493</b>
72	98	72
(13,355)	(6,330)	(3,792)
-	4	-
-	(54)	(54)
546	-	-
342	-	-
(78)	-	-
(3,616)	-	-
50	47	43
<b>(16,039)</b>	<b>(6,235)</b>	<b>(3,731)</b>
-	29,000	29,000
-	(2,397)	(2,397)
(1,181)	(2,055)	(1,037)
(1,780)	(4,990)	(6,594)
(2,215)	(1,191)	(528)
4,807	(15,762)	(16,324)
(265)	(180)	(41)
-	(206)	(26)
(3,775)	-	-
<b>(4,409)</b>	<b>2,219</b>	<b>2,053</b>

Net (decrease)/increase in cash and cash equivalents held	(10,587)	3,996	7,815
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	(57)	57	43
<b>Cash and cash equivalents at the end of the financial period</b>	<b>13,250</b>	<b>11,496</b>	<b>11,496</b>

**Explanatory Notes:-**

	<b>Group (Actual) 01/01/04- 30/09/04 S\$'000</b>	<b>Group (Proforma) 01/01/03- 30/09/03 S\$'000</b>	<b>Group (Actual) 16/05/03- 30/09/03 S\$'000</b>
Cash and cash equivalents comprise:-			
Cash at bank and on hand	13,917	12,258	12,258
Bank overdrafts	(667)	(762)	(762)
	<b>13,250</b>	<b>11,496</b>	<b>11,496</b>
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	<b>(342)</b>	<b>-</b>	<b>-</b>

**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**

	<b>Share capital S\$'000</b>	<b>Share premium S\$'000</b>	<b>Foreign currency translation reserve S\$'000</b>	<b>General reserve S\$'000</b>	<b>Retained profit S\$'000</b>	<b>Total S\$'000</b>
<b><u>The Group (Actual)</u></b>						
Balance at 1 January 2004	48,716	28,285	180	723	9,317	87,221
Net profit	-	-	-	-	14,956	14,956
Transfer to General Reserve	-	-	-	98	(98)	-
Dividend	-	-	-	-	(1,461)	(1,461)
Foreign currency translation differences	-	-	(281)	-	-	(281)
Balance at 30 September 2004	<b>48,716</b>	<b>28,285</b>	<b>(101)</b>	<b>821</b>	<b>22,714</b>	<b>100,435</b>

	<b>Share capital S\$'000</b>	<b>Share premium S\$'000</b>	<b>Foreign currency translation reserve S\$'000</b>	<b>(Accumulated loss)/ Retained profit S\$'000</b>	<b>Total S\$'000</b>
<b><u>The Group (Actual)</u></b>					
Balance at 1 January 2003	*	-	-	(3)	(3)
Issue of shares pursuant to the Restructuring Exercise	34,116	-	-	-	34,116
Issue of shares by way of public offer	11,600	17,400	-	-	29,000
Share issue expenses	-	(2,397)	-	-	(2,397)
Net profit	-	-	-	5,497	5,497
Foreign currency translation differences	-	-	637	-	637
Balance at 30 September 2003	<b>45,716</b>	<b>15,003</b>	<b>637</b>	<b>5,494</b>	<b>66,850</b>



**The Company (Actual)**

Balance at 1 January 2004  
 Net Profit  
 Dividend  
 Balance at 30 September 2004

Share capital S\$'000	Share premium S\$'000	Retained profit S\$'000	Total S\$'000
48,716	28,285	1,737	78,738
-	-	1,393	1,393
-	-	(1,461)	(1,461)
<b>48,716</b>	<b>28,285</b>	<b>1,669</b>	<b>78,670</b>

**The Company (Actual)**

Balance at 1 January 2003  
 Issue of shares pursuant to the Restructuring Exercise  
 Issue of shares by way of public offer  
 Share issue expenses  
 Net Profit  
 Balance at 30 September 2003

Share capital S\$'000	Share premium S\$'000	(Accumulated loss)/Retained Profit S\$'000	Total S\$'000
*	-	(3)	(3)
34,116	-	-	34,116
11,600	17,400	-	29,000
-	(2,397)	-	(2,397)
-	-	135	135
<b>45,716</b>	<b>15,003</b>	<b>132</b>	<b>60,851</b>

\* 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 or 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 September 2004	243,579,845	48,715,969

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

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 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 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) 01/07/04 - 30/09/04 Q3 FY2004	Group (Actual) 01/07/03 - 30/09/03 Q3 FY2003	Group (Actual) 01/01/04 - 30/09/04	Group (Proforma) 01/01/03 - 30/09/03	Group (Actual) 16/05/03 - 30/09/03
(a) Based on the number of ordinary shares on issue (cents)	2.44	1.75	6.14	4.39	NM
(b) Based on the weighted average number of ordinary shares on issue (cents)	2.44	2.11	6.14	5.28	NM
(c) On fully diluted basis (cents)	NA	NA	NA	NA	NA

NA – Not Applicable  
NM – Not Meaningful

- (a) The earnings per share at 2.44 cents and 6.14 cents for Q3 FY2004 and 9 months ended 30 September 2004 respectively are based on the number of shares in issue of 243,579,845 ordinary shares. The earnings per share at 1.75 cents and 4.39 cents for Q3 FY2003 and 9 months ended 30 September 2003 respectively are based on the number of shares in issue of 228,579,845 ordinary shares.
- (b) The earnings per share at 2.11 cents and 5.28 cents for Q3 FY2003 and 9 months ended 30 September 2003 respectively are based on the weighted average number of ordinary shares on issues of 189,913,178 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 period reported on and (b) immediately preceding financial year**

Net asset value per share	Group (Actual) 30/09/04	Group (Actual) 31/12/03	Company (Actual) 30/09/04	Company (Actual) 31/12/03
Net asset value per ordinary share (cents)	41.23	35.81	32.30	32.33

Net asset value per ordinary share as at 30 September 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. The review must discuss 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. It must also discuss 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 THIRD QUARTER FINANCIAL RESULTS AND FINANCIAL POSITION  
(Q3 FY2004 VS Q3 FY2003)**

The Group's turnover for Q3 of FY2004 amounted to S\$81.3 million. This was S\$22.5 million or 38.2% higher than the S\$58.8 million recorded in Q3 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\$14.4 million or 35.7% from S\$40.3 million in Q3 of FY2003 to S\$54.7 million in Q3 of FY2004.

Turnover from the manufacturing business increased by approximately S\$8.1 million or 43.8% from S\$18.5 million in Q3 of FY 2003 to S\$26.6 million in Q3 of FY2004. This was mainly due to the increase in turnover from the operations in Shanghai where our fifth and sixth production lines started production in Q3 of FY2004.

In line with higher turnover, gross profit increased by approximately S\$5.8 million or 36.2% from S\$16.0 million in Q3 of FY2003 to S\$21.8 million in Q3 of FY2004. The increase in distribution costs and administrative expenses in Q3 of FY2004 by approximately S\$3.3 million as compared to the same period of FY2003 was in line with higher operating activities.

Profit after taxation and minority interests increased by approximately S\$1.9 million to S\$5.9 million in Q3 of FY2004 as compared to S\$4.0 million for the same period in FY2003.

## **REVIEW OF NINE MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (YTD SEP FY2004 VS YTD SEP FY2003)**

Group's turnover and profitability for the first nine months of FY2004 has exceeded the full year of FY2003.

The Group's turnover of S\$221.8 million for the first nine months of FY2004 was S\$62.7 million or 39.4% higher than the S\$159.1 million recorded in the first nine months of FY2003. Both the distribution and manufacturing businesses continued to experience good growth.

Turnover from the distribution business increased by approximately S\$39.1 million or 33.9% from S\$115.3 million in the first nine months of FY 2003 to S\$154.4 million in the nine months of FY 2004. The increase was primarily due to higher tyre sales volumes in ASEAN, PRC and Oceania.

Turnover from the manufacturing business increased by approximately S\$23.6 million or 53.9% from S\$43.8 million for the first nine months of FY2003 to S\$67.4 million for the first nine months of FY2004. This increase was primarily due to increase in turnover from the operations in Shanghai which had 6 production lines as at September FY2004 as compared to 3 production lines for the same period in the previous year. Turnover from our Shanghai operations increased by more than 75%.

Gross profit increased by approximately S\$16.7 million from S\$41.9 million for the first nine months of FY2003 to S\$58.6 million for the first nine months of FY2004. The overall increase in gross profit of about 40.0% was due to higher turnover achieved in both the distribution and manufacturing businesses. The increase in distribution costs and administrative expenses for the first nine months of FY2004 as compared to the same period of FY2003 was in line with increased operating and production activities.

Profit after taxation and minority interests increased by approximately S\$4.9 million to S\$14.9 million for the first nine months of FY2004 as compared to S\$10.0 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\$9.4 million from S\$41.9 million to S\$51.3 million. This was primarily due 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\$15.9 million mainly due to increase in receivables of approximately S\$16.1 million and inventory of approximately S\$10.0 million which were in line with higher turnover. A decrease in cash and cash equivalents of approximately S\$10.5 million was primarily due to funding of PRC expansion programs.

In line with increased sales activities, total current liabilities increased by approximately S\$16.5 million from S\$51.6 million to S\$68.1 million was mainly due to increase in trade and other payables.

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

The Group's sales for the distribution and manufacturing business segments recorded in Q3 FY2004 are consistent with the announcement made on 13 August 2004 where it was stated that both distribution and manufacturing business segments within the Group are expected to see further increase in sales.

**10. A commentary at the date of the announcement of the 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**

The Group expects to see continued increase in sales for both distribution and manufacturing business segments.

The Group is confident that the distribution business segment particularly on tyres, should continue to see demand for its products in the ASEAN, North East Asia and Oceanic operations.

Global demand for alloy wheels remains buoyant. To meet the growing demand for alloy wheels especially with more outsourcing of alloy wheel manufacturers from developed countries worldwide, we intend to further expand our manufacturing capacity in China. We will continue to focus on exporting our alloy wheels from our PRC facility to global markets particularly in USA, Japan and Europe. As part of our plan to expand our manufacturing capacity in China, on 28 September 2004, we announced that a Memorandum of Understanding had been entered with Suzhou Industrial Park Kuantang Town Investment Promotion Centre ("SIP") to acquire from SIP the land use right to a plot of land located in Kuantang Sub-district, Suzhou Industrial Park.

Following the implementation of the ASEAN Free Trade Area (AFTA) tariffs, the Group is in the process of setting up a manufacturing plant for the production of alloy wheels in Malaysia 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 recommended for the current financial period reported on? No

**(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 September 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**

Not applicable to Q1, Q2 & Q3 results.

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

	Latest Full Year (S\$000)	Previous Full Year (S\$000)
Ordinary	0	0
Preference	0	0
Total:	<hr/> 0 <hr/>	<hr/> 0 <hr/>

**BY ORDER OF THE BOARD**

Yuen Sou Wai  
Executive Director  
12/11/2004

Submitted by Yuen Sou Wai, Executive Director on 12/11/2004 to the SGX.