

 [Print this page](#)
Acquisitions and Disposals :: Discloseable Transaction :: DIVESTMENT OF EQUITY INTEREST HELD BY THE COMPANY IN HANG ZHOU YHKOHAMA AND YOKOHAMA SHANGHAI

* 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 *	Tay Tian Hoe Richard
Designation *	Executive Chairman and Group Managing Director
Date & Time of Broadcast	01-Aug-2011 18:07:45
Announcement No.	00130

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	DIVESTMENT OF EQUITY INTEREST HELD BY THE COMPANY IN HANG ZHOU YHKOHAMA AND YOKOHAMA SHANGHAI
Description	PLEASE REFER TO ATTACHMENT.

Attachments
 [YHIDivestmentofTireCompanies.pdf](#)

Total size = **124K**
(2048K size limit recommended)

[Close Window](#)



YHI INTERNATIONAL LIMITED

(Incorporated in Singapore)

[Company](#) Registration No. 200007455H

DIVESTMENT OF EQUITY INTEREST HELD BY THE COMPANY IN HANGZHOU YOKOHAMA TIRE CO. LTD AND YOKOHAMA TIRE SALES (SHANGHAI) CO. LTD

1. Introduction

The Board of Directors (the “**Board**”) of YHI International Limited (the “**Company**”) wishes to announce that the Company has on 29 July 2011 entered into two separate sale and purchase agreements (collectively, the “**Sale and Purchase Agreements**”) with Yokohama Rubber (China) Co. Ltd. (“**Yokohama China**”), where the Company has agreed to sell and Yokohama China has agreed to acquire (the “**Divestment**”) the following:

- (i) 10% equity interest in Hang Zhou Yokohama Tire Co Ltd (“**Hang Zhou Yokohama**”); and
- (ii) 49% equity interest in Yokohama Tire Sales (Shanghai) Co. Ltd (“**Yokohama Shanghai**”),

(collectively, the “**Tire Companies**”), for a consideration of approximately S\$14,336,052 and S\$7,999,944 respectively.

2. Information on Tire Companies

2.1 Hang Zhou Yokohama is a company established in Zhejiang province, the People’s Republic of China (“**PRC**”) and its principle business is in the manufacture and sale of Yokohama tires. The Company currently holds 10% of the issued and paid up share capital of Hang Zhou Yokohama, while the remaining 90% is held by Yokohama China.

2.2 Yokohama Shanghai is a company established in Shanghai, the PRC and its principle business is in the sale of Yokohama tires. The Company currently holds 49% of the issued and paid up share capital of Yokohama Shanghai, while the remaining 51% is held by Yokohama China. Yokohama Shanghai has been distributing Hang Zhou Yokohama’s products since 2006.

3. The Consideration

The total consideration for the Divestment is approximately S\$22,335,996 (the “**Consideration**”) and was arrived at on a willing-buyer and willing-seller basis, after taking into consideration, *inter alia*, the net asset value of the respective Tire Companies. The Consideration will be satisfied in full by way of cash payment from

Yokohama China to the Company within 30 days after the receipt of approval from the relevant authority.

Accordingly, the Consideration represents a premium of approximately S\$5,623,063 (or 57%) and S\$2,296,136 (or 42%) over the NAV of Hang Zhou Yokohama and Yokohama Shanghai as at 31 March 2011 respectively. The Divestment is expected to result in an estimated aggregate gain on divestment of approximately S\$7,919,199 for the Company.

The Divestment is expected to increase the Company's available resources and the Company intends to utilise the net proceeds from the Divestment for the Company's working capital and for the Group's regional expansion.

4. Rationale for the Divestment

The Board has re-evaluated the Company's businesses and opportunities in China and has identified a different priority in the management of its capital. The divestment allows the Company to unlock the value of its investments in Yokohama Shanghai and Hangzhou Yokohama and utilise the proceeds to supplement the working capital and expansion plans of the Company.

On 24 February 2011, the Company announced its 5-year business expansion plan (FY2011-FY2015), which the Company is planning to add 5 million alloy rims capacity at its existing manufacturing facilities in China, Taiwan and Malaysia by FY2015. When completed, the Company will achieve a total annual production capacity of 8.4 million alloy rims. The additional alloy rims capacity is largely catered for the Original Equipment Manufacturer (OEM) segment in PRC. For its distribution business, the Company will pursue multi-products, multi-brands & multi-categories marketing strategy by selling its distributed as well as its own proprietary tyres, alloy rims and batteries to all its existing sales network and also establishing new sales network in emerging markets.

In line with the Company's 5-year business expansion plan, the Divestment would effectively open up opportunity for the Company to provide to its Chinese customers a wider range of tires and related products, especially from the Company's own stable of products and further develops its sales network in the growing PRC market. Thus, the Board is of the view that it is in the best interest of the Company to dispose of its interest in the Tire Companies. The Company will update its shareholders in respect of its marketing initiatives in the PRC when appropriate.

5. Financial Effects of the Divestment

For illustrative purposes only, the financial effects of the Divestment on the Company are set out below.

The financial effects set out below are theoretical in nature and are therefore not necessarily indicative of the actual financial results and financial position of the Group after the completion of the Divestment.

5.1 Share capital

As the Divestment does not involve the issue and allotment of any new Shares, the Divestment will not have any impact on the share capital of the Company.

5.2 Earnings per Share (“EPS”)

EPS for the divestment of Hang Zhou Yokohama (assuming the divestment was effected as at 1 January 2010):

	Before the divestment of Hang Zhou Yokohama	After the divestment of Hang Zhou Yokohama
Earnings attributable to equity holders of the Company	32,950,515	38,573,579
Weighted average number of Shares in issue	584,591,628	584,591,628
EPS (cents)	5.64	6.60

EPS for the divestment of Yokohama Shanghai (assuming the divestment was effected as at 1 January 2010):

	Before the divestment of Yokohama Shanghai	After the divestment of Yokohama Shanghai
Earnings attributable to equity holders of the Company	32,950,515	35,490,826
Weighted average number of Shares in issue	584,591,628	584,591,628
EPS (cents)	5.64	6.07

EPS in aggregation for the Divestment (assuming the Divestment was effected as at 1 January 2010):

	Before the Divestment	After the Divestment
Earnings attributable to equity holders of the Company	32,950,515	41,113,890
Weighted average number of Shares in issue	584,591,628	584,591,628
EPS (cents)	5.64	7.03

5.3 Net tangible assets (“NTA”)

NTA for the divestment of Hang Zhou Yokohama (assuming the proposed divestment was effected as at 31 December 2010):

	Before the divestment of Hang Zhou Yokohama	After the divestment of Hang Zhou Yokohama
NTA	215,924,324	221,547,387
Weighted average number of Shares in issue	584,591,628	584,591,628
NTA per ordinary share(cents)	36.94	37.90

NTA for the divestment of Yokohama Shanghai (assuming the proposed divestment was effected as at 31 December 2010):

	Before the divestment of Yokohama Shanghai	After the divestment of Yokohama Shanghai
NTA	215,924,324	218,464,635
Weighted average number of Shares in issue	584,591,628	584,591,628
NTA per ordinary share(cents)	36.94	37.37

NTA in aggregate for the Divestment (assuming the proposed Divestment was effected as at 31 December 2010):

	Before the Divestment	After the Divestment
NTA	215,924,324	224,087,698
Weighted average number of Shares in issue	584,591,628	584,591,628
NTA per ordinary share(cents)	36.94	38.33

6. Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. For illustrative purposes only, and based on the latest unaudited financial statements of the Company and its subsidiaries for period ended 31 March 2011, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

	Hang Zhou Yokohama	Yokohama Shanghai	The Divestment In aggregate
Rules 1006(a)- The net asset value of the assets to be disposed of compared with the group’s net asset value	3.72%	2.44%	6.16%
Rules 1006(b)- The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	0.00%	2.72%	2.72%
Rule 1006(c)- Aggregate value of the consideration given, compared with the market capitalization.	7.11%	3.97%	11.08%
Rule 1006(d)- Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	N.A.	N.A.	N.A.

As the applicable relative figures computed under Rules 1006(a) and 1006(c) for the Divestment and the applicable relative figure computed under Rule 1006(c) for the divestment of Hang Zhou Yokohama by itself exceeds 5% but does not exceed 20%, the Divestment is classified as a “discloseable transaction” as defined in Chapter 10 of the Listing Manual.

7. Interests of the Directors and Controlling Shareholders

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction other than through their shareholdings in the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Sale and Purchase Agreements are available for inspection during normal business hours at the temporary office of the Company at 1 Jalan Besut Singapore 619554, for a period of three (3) months from the date of this announcement.

By Order of the Board

Tay Tian Hoe Richard
Group Managing Director
1 August 2011