



YHI International Limited

MEDIA RELEASE
For Immediate Release

YHI International posts net profit of S\$5.6m over revenue of S\$389.2m for nine months ended 30 September 2013

"The outlook of the global economy continues to be uncertain despite the improved economic data of China and the USA and competition has intensified for both our distribution and manufacturing segments. In response to these uncertainties in the business environment, we will continue to hold a tight rein on our operating costs and stepping up on our marketing efforts to widen and strengthen our products, business networks and manufacturing capabilities. This is in line with our strategic move to lay a firm foundation for our businesses, so as to stay ahead of competition when the global economy turns for the better."

Executive Chairman and Group Managing Director, Mr Richard Tay

Singapore, 14 November 2013 – MAINBOARD-LISTED YHI International Limited (YHI or the Group) (友发国际有限公司) today reported revenue of S\$389.2 million for the nine months ended 30 September 2013 (9MFY2013) and a net profit attributable to equity holders of the company (net profit) of S\$5.6 million.

This compares with the revenue of S\$414.2 million and net profit of S\$17.3 million in the same period last year (9MFY2012). The global business environment continued to be challenging as consumers are more cautious towards spending on discretionary automotive products amid a weak global economy. As a result, demand for the Group's products in both the distribution and manufacturing segments remained weak for the period under review.

Revenue from the distribution segment, which makes up of 72.1% or S\$280.7 million of the total revenue, remains as the main contributor of the Group's turnover in 9MFY2013. The manufacturing segment, which makes up the balance of 27.9% registered a revenue of S\$108.5 million for the period.

Gross profit for 9MFY2013 decreased by 12.9% from S\$95.1 million in 9MFY2012 to S\$82.8 million, was mainly attributable to lower turnover and gross profit margin for both distribution and manufacturing businesses. The Group's gross profit margins declined to 21.3% from 22.3% in tandem with lower margins from the distribution and manufacturing business segments as competition for both segments intensified during the period.

Total operating expenses of the Group in 9MFY2013 were slightly up as compared to the same period last year. Distribution expenses rose about 6.2% to S\$36.8 million in 9MFY2013 compared to S\$34.7 million in the corresponding period last year mainly due to higher staff costs to boost its marketing activities.

However, the increase in distribution expenses were partially offset by a decrease in its administrative costs and financing costs, which were mainly due to the lower bonuses accrued and lower borrowings in certain subsidiaries for the period respectively.

Earnings per share were 0.95 Singapore cent for the nine months ended 30 September 2013 compared with 2.66 Singapore cents last year.

Executive Chairman and Group Managing Director, Mr Richard Tay (郑添和) said: "The outlook of the global economy continues to be uncertain despite the improved economic data of China and the USA and competition has intensified for both our distribution and manufacturing segments. In response to these uncertainties in the business environment, we will continue to hold a tight rein on our operating costs and stepping up on our marketing efforts to widen and strengthen our products, business networks and manufacturing capabilities. This is in line with our strategic move to lay a

firm foundation for our businesses, so as to stay ahead of competition when the global economy turns for the better."

Strong Financial Position

The Group's balance sheet remains healthy, which is backed by net assets of S\$259.6 million will enable YHI to be in a good financial position to expand its business as and when the opportunities arises. This also translates to a net asset value per share of 42.07 Singapore cents as at 30 September 2013. YHI's net working capital was S\$142.8 million with cash and cash equivalents balance of S\$49.4 million and a net gearing ratio of 37.9%.

Business Updates

Moving forward, the global economic outlook remains uncertain. While the economic data of China and the USA have shown signs of improvements, consumer demand from Europe still remains relatively weak.

"Looking ahead, the Group will continue to focus on strengthening our business network on a global basis to grow our business, intensifying our brands building efforts, continual product and design innovation, and improving our production systems to enhance quality, productivity and reduce operating costs to stay competitive in the marketplace.", added Mr Tay.

a) Distribution

For its distribution business segment, the Group will continue to explore and develop business opportunities by executing the multi-product, multi-brand and multi-category ("3M") marketing strategies by offering wider range of products and expanding more sales channels. In addition, YHI will leverage on its stable of products to capitalize growth opportunities in the existing markets and also explore business opportunities in new markets. The Group expects the distribution business to continue to be the key contributor for the Group.

b) Manufacturing

YHI has been proactively stepping up its efforts to grow its After-Market and Original Equipment Manufacturing (“OEM”) businesses in Malaysia and other regional markets. Earlier this year, the Group had won an OEM contract from Proton. This is to supply alloy wheels to Proton for its three popular car models. This order of alloy wheels will be manufactured at the Group’s Malaysia plant.

This press release should be read in conjunction with the full SGX announcement released by YHI on 14 November 2013. A copy of the announcement is available on www.sgx.com.

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YHI INTERNATIONAL LIMITED

About YHI International Limited (www.yhi.com.sg)

YHI International Limited (YHI) (友发国际有限公司) is a recognised distributor of high-quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer (ODM). It provides integrated services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

Today, YHI's wide international presence can be seen in over 100 countries operating through its 29 subsidiaries and one associated company located in Asia Pacific, North America and Europe. YHI distributes a diverse range of automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies to more than 5,000 customers globally.

The key tyre brands are Yokohama, Archilles, Roadstone, Nankang, Nexen, Pirelli, Corsa, Nitto, Otani and its proprietary brand – Neuton. YHI's portfolio of alloy rims includes renowned brands such as Enkei, OZ, Konig, Advanti Racing and Breyton. Advanti Racing is an official supplier to the Mercedes AMG Petronas Formula One Team for 2013 to 2015 Championships after being the official partner to Scuderia Toro Rosso Formula One Team from 2008 to 2012.

YHI's industrial product portfolio includes both automotive batteries and rechargeable batteries for commercial and industrial use as well as golf and utility buggies from EZGO. Some of the key brands of rechargeable batteries it distributes are Hitachi, Trojan, CSB, Benning, Crown, Vision and FIAMM. YHI also has its own proprietary brand of industrial and automotive batteries called Neuton Power.

As an integrated ODM solutions provider, YHI currently has five alloy wheels manufacturing plants located in Shanghai and Suzhou, China, Taoyuan in Taiwan, Sepang and Malacca in Malaysia with a current total production capacity of 4.0 million units per annum.

The Group aims to develop YHI into a global brand name where its tagline "The World is Our Market" will come true. Its plan is to continue to strengthen and widen the YHI's distribution network, through its multi-brand, multi-category and multi-product (3M) marketing strategies, focusing on promotion and development of its portfolio of premium and proprietary brands in the global market.

YHI (Malaysia) Sdn Bhd (YHI Malaysia) received the Super Golden Bull award four times, the latest being 2012 among small and medium-sized enterprises (SMEs) in Malaysia. The award which was organised by Nanyang Siang Pau honoured the best of SMEs in Malaysia.

Started as a sole proprietor in 1948, YHI has successfully diversified its business and was listed on the Mainboard of the Singapore Exchange on 3 July 2003.

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