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YHI INTERNATIONAL LIMITED

YHI INTERNATIONAL LIMITED to set up new plant in Malaysia to make alloy wheels to serve the ASEAN market



友发国际有限公司

YHI INTERNATIONAL LIMITED

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YHI INTERNATIONAL LIMITED to set up new plant in Malaysia to make alloy wheels to serve the ASEAN market

- Initial investment of about S\$7.8 million
- Initial annual production of 180,000 pieces
- Plant expected to be ready for production by 2nd half 2005

Singapore, September 8, 2004: SGX Mainboard-listed YHI International Limited (YHI), an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, has announced that it is investing about S\$7.8 million in a plant in Malaysia to manufacture alloy wheels to serve the ASEAN market. ASEAN is increasingly becoming an important automotive hub following the implementation of AFTA.

The plant with an initial annual production capacity of about 180,000 pieces of wheels, is expected to be ready for production by the second half of 2005.

The plant will be located in Negri Sembilan, Malaysia and it will come under the management of a new wholly-owned subsidiary, YHI Manufacturing (Malaysia) Sdn Bhd ("YHI MM").

YHI's Managing Director, Mr Richard Tay said: "Although we already have manufacturing facilities in PRC and Taiwan, this will be our first manufacturing facility in ASEAN and it will leverage on our existing strong presence in ASEAN.

We have chosen Malaysia as our manufacturing facility as Malaysia's automotive sector, currently ranked among the top 20 in the world, is very vibrant. The potential for further growth is also very promising. We want to position ourselves well here and gear up for more opportunities in the automotive sector over the next few years, as we will benefit from the significant reduction in Malaysia's tariff barriers as part of the ASEAN Free-Trade Area Agreement (AFTA).

With our proven track record in manufacturing since 1996, our learning curve is shortened and we will be able to minimize teething problems and take advantage of the huge market potential in both the Malaysian domestic market and the region.

YHI currently has 2 other manufacturing facilities – one in Shanghai, PRC and the other in Taoyuan, Taiwan and both manufacturing operations have been profitable.

In August, YHI had reported a 50% increase in net profit to S\$9.0 million for the first half

ended 30 June 2004 from S\$6.0 million for the same period last year.

The increase in net profit was mainly attributable to higher earnings from both its manufacturing operations and its distribution businesses.

The incorporation of the new Malaysian subsidiary is not expected to have any material impact on the net tangible assets and earnings per share of YHI for the current year.

None of the Directors or substantial shareholders of the Company has an interest, direct or indirect in this transaction.

About YHI International:

The Group's distribution network spans Singapore, the PRC, Hong Kong, Taiwan, Malaysia, Japan, 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 Nexen 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, 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\$220.7 million 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.

Release issued on behalf of YHI International Limited by
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