

YHI INTERNATIONAL LIMITED

**PRESS RELEASE - YHI INTERNATIONAL LIMITED POSTS APPROXIMATELY
45% INCREASE IN Q1 NET PROFIT TO S\$4.2 MILLION**



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PRESS RELEASE

**YHI INTERNATIONAL LIMITED POSTS APPROXIMATELY 45% INCREASE IN Q1 NET
PROFIT TO S\$4.2 MILLION**

Quarter 1 highlights:

- **Turnover grows 38% to S\$65.4 million**
- **Profit after tax surges 45% to S\$4.2 million**
- **Both manufacturing and distribution report healthy growth**
- **Manufacturing growth driven by operations in Shanghai which had 4 production lines in Q1 of FY2004**

Singapore, 14 May 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, today announced an approximately 45% increase in net profit to S\$4.2 million for the first quarter ended 31 March 2004 from S\$2.9 million for the same period last year. The robust growth in net profit was due to higher turnover from both the Group's distribution business and its manufacturing operations in Shanghai, China.

Group turnover increased by 38% to S\$65.4 million from S\$47.4 million previously.

Turnover from the distribution business increased by approximately S\$11.8 million or 32.7% from S\$36.1 million in Q1 of FY2003 to S\$47.9 million in Q1 of FY2004. The increase was primarily due to higher tyre sales volumes achieved in Asean, PRC and Australia.

Turnover from the manufacturing business rose by approximately S\$6.2 million or 54.7% due mainly to increase in turnover from the operations in Shanghai which had 4 production lines in Q1 of FY2004 as compared to 3 production lines for the same period in the previous year.

Group net profit of S\$4.2 million was approximately 45% higher than the S\$2.9 million in the corresponding period last year. PAT contribution from manufacturing business was about 36% as compared to 34% in previous period.

Commenting on the results and the prospects for the Group, Mr Richard Tay, Managing Director of YHI said, "We are pleased to announce another set of sterling results for YHI for

the first quarter of FY2004. The improved performance of the Group was driven by both our manufacturing and distribution businesses which are riding on the boom in the PRC automotive industry as well as the higher growth in the automotive industry in ASEAN.

Going forward, the Group expects continuous sales volumes increase in both distribution and manufacturing business segments. We believe that our strategic alliances with Yokohama, Hitachi and our joint venture chrome factory in the PRC will herald positive news for the Group.

We expect to increase our tyre sales in ASEAN and the PRC as we continue to expand our distribution network in these territories. PRC sales will be boosted by the increase in supply of Yokohama tyres from Hangzhou Yokohama Tire Co Ltd.

We will also commence distribution of Hitachi automotive batteries in the PRC in the second quarter of 2004.

On the manufacturing front, our Shanghai alloy wheel manufacturing operations will also forge ahead with its expansion plans. Due to increase in sales orders received in recent months, both the fifth and sixth production lines will target to commence production by the second half of 2004.

Our joint venture chrome wheel facility is on track to start production in the second quarter.

All these positive developments bode well for the Group.”

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 Tornado 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, Giovana, 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
Stratagem Consultants Pte Ltd

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Submitted by Yuen Sou Wai, Executive Director on 14/05/2004 to the SGX