



友发国际有限公司

YHI INTERNATIONAL LIMITED (Co. Reg. No. 200007455H)

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PRESS RELEASE

YHI INTERNATIONAL LIMITED REPORTS NET PROFIT OF S\$27.5 MILLION ON RECORD REVENUE OF S\$375.2 MILLION IN FY2006

YHI TO ACCELERATE GROWTH BY DOUBLING ITS ANNUAL OUTPUT OF ALLOY WHEELS IN CHINA TO 2.4 MILLION PIECES, AND STEPPING UP GLOBALISATION EFFORTS

- **TARGET TO BE THE GLOBAL FIRST – TECHNOLOGY TRANSFER OF PROPRIETARY PRODUCTION TECHNOLOGY FROM TOP JAPANESE WHEEL BRAND – ENKEI**
- **EXPAND DISTRIBUTION NETWORK TO 70 COUNTRIES INCLUDING NEW MARKETS IN LATIN AMERICA, AFRICA AND EASTERN EUROPE**
- **FIRST AND FINAL TAX EXEMPT DIVIDEND OF 12%**

SINGAPORE, FEBRUARY 23, 2006 - SGX Mainboard-listed YHI International Limited (“YHI” or the “Group”), an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, is doubling its production output of alloy wheels in China to 2.4 million pieces this year as it steps up its globalization efforts. The Group is also poised to climb up the technology ladder as it is in discussion with top Japanese wheel manufacturer – Enkei – for the transfer of Enkei’s proprietary production technology to YHI.

This higher production figure will meet increased wheel demand in the global automobile industry as YHI intensifies its efforts to increase export of alloy wheels to new customers in new markets. YHI has plans to expand its sales network from 52 to 70 countries including new markets in Latin America, Africa and Eastern Europe.



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The new global export push comes as YHI today announced another year of net profit growth to S\$27.5 million (up 8.0% from FY2005) and a rise in revenue to reach a record S\$375.2 million for the financial year ended 31 December 2006 (a 12% increase from FY2005).

Earnings per share for the Group rose from 4.36 cents in FY2005 to 4.71 cents in FY2006 while net assets value per share for the Group increased to 25.32 cents in FY2006 from 22.22 cents in FY2005. In recognition of the Group's performance in FY2006, the directors of YHI have announced a first and final tax-exempt dividend at 12% dividend rate as compared to 10% in FY2005.

The better results come at a time when YHI is in discussion with Enkei for the transfer of its most advanced proprietary production technology to YHI. If successful, YHI will be the first non-Japanese company in the world to receive such a technology transfer from Enkei.

On the good performance of the Group and the significance of this Enkei technology transfer, Mr. Richard Tay, Group Managing Director of YHI, said: "We are delighted to achieve another year of growth in both top and bottomlines despite rising material costs and competitive pressures. We are also extremely honored to be considered by our long time partner – Enkei which is a top global wheel brand – to be the first non-Japanese company in the world to receive the special technology transfer of proprietary technology from Enkei.

We believe this technology transfer will raise the technical standards and enhance the productivity of our manufacturing processes.

With our new production capacity, we are optimistic of better performance of the Group in the coming year. This year, we will have all 16 production lines, up from 11 lines last year. In addition to these positive developments, we will also be enhancing our portfolio of brands under our wings. We will continue to build our own Advanti brand as a premium brand in China, and we will also raise our production for the OZ brand of alloy wheels. This brand of wheels is used by Formula One racing cars and other prestigious cars such as Lamborghini and Maserati. With OZ's outstanding track record and brand name, YHI's reputation in the world alloy wheel market will also be enhanced. "



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SEGMENTAL CONTRIBUTIONS

Distribution

Turnover from the distribution business segment increased by approximately S\$26.6 million or 11.2% from S\$237.0 million in FY2005 to S\$263.6 million in FY2006. The increase was primarily driven by stronger sales in ASEAN and Oceanic operations.

Manufacturing

Turnover from the manufacturing business segment has increased by approximately S\$13.8 million or 14.1% from S\$97.8 million in FY2005 to S\$111.6 million in FY2006. The increase was primarily due to commencement of three additional production lines in our new factory in Suzhou, PRC towards the end of Q3 of FY2006.

GOING FORWARD

Commenting on the Group's full year performance, Mr. Richard Tay, Group Managing Director of YHI said, "Going forward, we expect higher sales of our alloy wheels as we benefit from the increased production lines in China and the expansion of our sales network in more overseas markets. Distribution sales for tyres are expected to remain healthy while we will continue to promote "Neuton" which is our proprietary brand of tyres in all our existing and new geographical networks. Aluminum prices which peaked in 2006, have stabilized, so we are confident aluminum prices will be further lowered to more reasonable levels this year. The global outsourcing trend for alloy wheels production and the continued rise of the auto industry in PRC will herald good news for us. With these positive trends and the expected doubling of our production output, we are therefore confident that YHI will post an even better year in 2007."



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ABOUT YHI INTERNATIONAL:

The Group's distribution network spans 23 subsidiaries and 2 associated companies located in Singapore, Malaysia, Thailand, the PRC, Hong Kong, Taiwan, Japan, Australia, New Zealand, USA and Italy 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 52 countries. Currently, it distributes to approximately 3,000 customers internationally. Some of the key international brands that YHI distributes include Yokohama, Nankang, Nexen, Achilles, Accelera and Neuton for tyres, Enkei, OZ, and Konig 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, 5-zigen and Enkei Tuning. It has also created and marketed its own brand Advanti through its wide distribution network.

Release issued on behalf of YHI International Limited by
Stratagem Consultants Pte Ltd

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