



友发国际有限公司

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

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## **PRESS RELEASE**

**August 11, 2005**

### **YHI INTERNATIONAL LIMITED POSTS 22% INCREASE IN NET PROFIT TO \$11.0 MILLION FOR 1<sup>st</sup> HALF FY2005 AND SIGNS MOU TO EXPAND INTO THE US MARKET**

#### **Highlights:-**

- ♣ **Turnover rose by 16.5% to reach S\$163.6 million**
- ♣ **Continued growth in profitability from YHI's core businesses of distribution and manufacturing**
- ♣ **Manufacturing will continue to drive growth forward with new additional facilities in PRC and Malaysia**
- ♣ **Sign MOU to expand into the US Market**

Singapore, August 11, 2005: 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 another set of sterling results for the first six months of FY2005 ended June 30, 2005. Net profit surged 22% to S\$11.0 million on higher sales of \$163.6 million, up 16.5% from the previous corresponding period.

In addition to stronger financial performance, the Group is also taking firm steps to strengthen its geographical presence in the USA, the world's largest automotive market.

YHI recently entered into a Memorandum of Understanding with Pan Mar Corporation DBA Konig Motoring Accessories ("PMC") to set up a joint venture company in the USA to market high quality alloy wheels for the North American market. YHI, through its subsidiary, YHI Manufacturing (Singapore) Pte Ltd, will hold 51% and PMC will hold 49% of the equity interest in the joint venture.

PMC distributes high quality automotive wheels for the North American market under brands, such as KONIG, PRIVAT and MAXXIM. The joint venture will provide PMC with enhanced opportunities to cooperate on a synergistic basis by gaining immediate access to YHI's strong manufacturing capabilities in China and Taiwan operations.

In the first six months of this year, strong growth in the Group's distribution and manufacturing divisions continued to drive YHI's turnover and profitability.



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Turnover from the Group's distribution business increased by about 15.2% to reach \$114.7 million in 1HFY05 from S\$99.6 million in the corresponding period last financial year. The increase was primarily due to higher tyre sales volume in all of the Group's markets.

Turnover from YHI's manufacturing business grew by about 19.9% or S\$8.1 million in 1HFY05 to S\$48.9 million from S\$40.8 million in the same period last financial year. This increase in turnover was primarily due to an addition of two more production lines in the Group's Shanghai plant from four lines in 1HFY04 to six lines 1HFY05.

Meanwhile, YHI Group's Earnings Per Share (EPS) was 1.88 cents from 1.54 cents in the corresponding period last year - reflecting the increase in share capital following the one-into-two share split on 1 February 2005 and the one for five bonus issue on 17 May 2005. Similarly, the Group's Net Asset Value (NAV) per share as at 30 June 2005 was 19.80 cents from 17.91 cents in the preceding financial year.

## **GOING FORWARD**

Commenting on the Group's continued strong performance and on the Group's outlook for the second half of FY2005, Mr Richard Tay, Group Managing Director of YHI, said : "We are pleased to have delivered another set of good results with both our manufacturing and distribution businesses fuelling growth in both revenue and profit. Our prospects will remain positive.

Our manufacturing business, which brings better margins and scalability, will also be on a positive growth path. We will be building additional manufacturing facilities to meet the rising global demand of alloy wheels. The new plants will be in Suzhou in the PRC and in Sepang, Malaysia. The Suzhou plant is expected to be ready in the first half of FY2006 while the Sepang facility is scheduled to be operational by first quarter of FY2006. The Sepang plant will cater to both the global as well as the Malaysian after-market wheel markets."

Commenting on the Group's decision to expand into the US market, Mr Richard Tay said: "The partnership with PMC is a win-win situation for both parties. For PMC, the partnership will allow them to gain immediate access to our strong manufacturing capabilities in China and Taiwan. For YHI, our MOU with PMC is in line with our synergistic plan to enhance our capabilities as an integrated original design manufacturer solution provider in the USA alloy wheel aftermarket. This partnership will also provide YHI with a direct geographical presence in the United States and strategically position us a global – not just an Asian player in the alloy wheel sector. Indeed, YHI's next phase of growth will be driven not just by the Asian auto growth story but also the global automotive growth story."



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## **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, Konig and 5-zigen. It has also created and marketed its own brand Advanti through its wide distribution network.

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Stratagem Consultants Pte Ltd

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