



友发国际有限公司

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

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PRESS RELEASE

February 23, 2005

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YHI INTERNATIONAL LIMITED POSTS 39% INCREASE IN NET PROFIT TO \$20.3 MILLION ON 32% RISE IN REVENUE TO S\$291.3 MILLION FOR FY2004

Results Highlights:-

- Earnings growth in both manufacturing and distribution segments
- Manufacturing capacity utilization at close to 90%
- Two more alloy wheel manufacturing plants to come on stream in 2006
- More supply of Yokohama tires for distribution from Yokohama's plants in Philippines and Thailand

Singapore, February 23, 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 a 39% jump in net profits to S\$20.3 million for its financial year ended 31 December 2004.

The increase came on the back of 32% rise in revenue to S\$291.3 million from S\$220.7 million in FY2003.

The good results were due to growth recorded from the Group's two business segments – Distribution and Manufacturing.

Net profit from the distribution business which accounted for 56% of Group's total profit in FY2004 increased by S\$1.7 million from FY2003. Net profit from the manufacturing business which accounted for 44% of Group's total profit in FY2004, increased by S\$4.0 million from FY2003.

Earnings per Share (EPS) increased to 8.35 cents from 7.31 cents in the previous year, and Net Asset Value per share (NAV/share) is also increased from 35.81 cents to 42.98 cents.

Commenting on the Group's continued strong performance, Mr Richard Tay, Group Managing Director of YHI, said : "We are delighted that we have achieved such great results for the financial year ended 31 December 2004. The increase in revenue and profits were fuelled by both our manufacturing and distribution businesses. Our prospects will remain positive for the current year ahead."



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LOOKING FORWARD

The Group expects market conditions in which they operate in to remain positive in FY2005 with both the distribution and manufacturing business segments expected to see sustained increase in sales.

Commenting on the Group's outlook for FY2005, Mr Richard Tay added that : "With recent announcements made by Yokohama to increase their production capacities in their plants in Hangzhou, Philippines and Thailand, it will increase tyre supplies to YHI in terms of quantity and product range, which will help to enhance our distribution business further."

The Group's Shanghai plant is operating at almost 90% capacity to supply the international alloy wheel markets of North America, Europe and Japan and to meet additional global demand of alloy wheels, the Group will speed up the setting up of our second alloy wheel manufacturing facility in Suzhou, PRC.

The Group's upcoming manufacturing plants in Suzhou, PRC and Sepang, Malaysia, will increase its production capacity for alloy wheels to meet the rising demand of alloy wheels globally and in the Asean region. Both plants are expected to be operationally ready by the first quarter of 2006.

REWARDING SHAREHOLDERS

To express their appreciation to their Shareholders for the support, the Directors are recommending a tax exempted final dividend of 0.6 cents per share (of par value S\$0.10) based on the enlarged share capital of the Company following the recent share split exercise which was effective on 1 February 2005. The Company is proposing a bonus issue (the "Bonus Issue") of 97,431,938 new ordinary shares of \$0.10 each in the capital of the Company (the "Bonus Shares"). This will be on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of par value S\$0.10 each held by the shareholders of the Company (the "Shareholders") as at a book closure date to be announced subsequently. In addition, The bonus shares will not be entitled to the proposed final dividend for FY2004.

The Bonus Shares will be issued pursuant to a general mandate obtained at the forthcoming Annual General Meeting ("AGM") of the Company which allows the Directors to issue shares in the Company up to an aggregate of twenty per cent (20%) of the Company's issued shares as at the date of the AGM. The Bonus Issue will also be effected upon the amendment of the articles of association of the Company to delete the existing requirement for shareholders' approval for bonus issues. The date of the AGM will be announced subsequently.

The Bonus Issue and the listing and quotation of the Bonus Shares are subject to the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Bonus Shares on the Mainboard of the Stock Exchange of Singapore ("SGX Mainboard"). The Company will make an application to the SGX-ST for permission to deal in and for listing and quotation of the Bonus Shares on the SGX-Mainboard.



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Mr Richard Tay, Managing Director concluded, "The Company would like to take this opportunity to thank all our shareholders, customers and business associates for your support and we look forward to enhancing the value of your investment and trust in YHI."

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\$291.3 million in FY2004 while its profit after tax grew from S\$4.8 million in FY2000 to S\$20.3 million in FY2004. YHI's distribution business accounted for approximately 71% and 56% of turnover and profit after tax respectively, while the manufacturing business accounted for approximately 29% and 44% of turnover and profit after tax respectively in FY2004.

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 23/02/2005 to the SGX