



友发国际有限公司

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

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**YHI POSTS 86.7% INCREASE IN NET PROFIT OF S\$11.0 MILLION ON A TURNOVER GROWTH OF 19.2% TO S\$101.9 MILLION FOR SECOND QUARTER OF FY2006**

- ♣ **YHI set to launch own proprietary brand of tyre, "NEUTON"**
- ♣ **YHI to launch its own retail outlets in PRC**
- ♣ **Yokohama Tire Manufacturing (Thailand) Co., Ltd expected to introduce light truck and van tyres**
- ♣ **Cashflow remains healthy and will help fund expansion plans as new manufacturing plants in Sepang and Suzhou start operations**

**Singapore, August 7, 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, today announced net profit rose 86.7% to S\$11.0 million on a turnover increase of 19.2% to S\$101.9 million for the second quarter of FY2006 ("2QFY06").

The increase in Group turnover was primarily due to good growth in the Group's distribution business where tyre sales increased in the ASEAN and Oceanic operations.

Mr Richard Tay, Group Managing Director said, "'NEUTON" will be launched in the fourth quarter in various geographical areas, targeting existing and new networks. We believe that this new brand of tyre complements our existing product range and will potentially reap good earnings for the Group. We are also currently embarking on a pro-active marketing strategy in China to grow our market share for automotive products through a network of our own retail outlets, the first of which will open in Shanghai soon. We intend to launch our retail network under our own brandname – "Auto-Trend" and plan to open about 30 such "Auto Trend" outlets along the Yangtze River Delta in the next two years. Each outlet will sell tyres, wheels and automotive accessories. Meanwhile, Yokohama Tire Manufacturing (Thailand) Co., Ltd is also expected to introduce light truck and van tyres (made in Thailand) in the first quarter of 2007, thus boosting our ASEAN operations by extending the product range."



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He added, "As targeted, two production lines started production and a third line completed installation at our Suzhou factory in China in July. The installation of the first production line at our Sepang factory in Malaysia is also completed and production is scheduled for September 2006. As our cashflow has remained healthy, we will continue to utilize it partially to fund expansion plans. All these developments bode well for YHI even as it competes in an increasingly competitive tyre distribution and manufacturing industry where expansion continues to be the key factor."

Net profit of S\$11.0 million for 2QFY06 was due to higher sales of its tyres and wheels in the region and boosted by a negative goodwill of S\$5.39 million from the acquisition of 35.51% stake in Italian premier wheel specialist OZ S.p.A. This negative goodwill is in compliance with FRS 28 'Investments in Associates', where any excess of the investor's share of the net fair value of the associate's net assets over the cost of investment is to be recognized as the share of associate's profit in the period of acquisition.

In 2QFY06, gross profit margin, particularly from the manufacturing business continued to be affected by rising aluminum prices. However, overall gross profit margin maintained at about 22%.

"Global aluminum prices that have affected our manufacturing business have shown some sign of easing from their peaks. The softening of prices will definitely bring some relief to our manufacturing business. We will continue to closely monitor the volatility of the aluminum prices and our production costs so as to sustain our profit margins" said Mr Tay.

The Group's Earnings Per Share for 1HFY06 rose to 2.75 cents, up from 1.88 cents in the previous corresponding half year.

Net Asset Value for the Group as at 30 June 2006 was 23.47 cents, up from 22.22 cents as at 31 December 2005.

#### **ABOUT YHI INTERNATIONAL:**

The Group's distribution network spans 20 subsidiaries and 2 associated companies located in Singapore, the PRC, Hong Kong, Taiwan, Malaysia, 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 30 countries. Currently, it distributes to approximately 3,000 customers internationally. Some of the key international brands that YHI distributes include Yokohama, Nankang, Nexen, Achilles and Accelera for tyres, Enkei, OZ and Konig for alloy wheels and Hitachi for both automotive and industrial batteries.



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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.

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Stratagem Consultants Pte Ltd

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