YHI International Limited

MEDIA RELEASE
For Immediate Release

YHI International records 18% rise in net profit to S$4.2m on S$252.5m turnover for first half ended 30 June 2014

Highlights:

- Stable revenue and improved gross profit margin
- Strong balance sheet with net assets of S$263.0 million
- Net asset value per share at 42.74 cents; Earning per share at 0.71 cents

Singapore, 13 August 2014 – Mainboard-listed **YHI International Limited** ("YHI" or "the Group") (友发国际有限公司) has reported turnover of S$252.5 million in the first half of 2014 (1H2014), as compared to S$250.4 million in the same period last year (1H2013). Net profit after tax and non-controlling interests attributable to shareholders (PATMI) increased by 17.8% to S$4.2 million in 1H2014. Earnings per share (EPS) was 0.71 Singapore cent for 1H2014 as compared to 0.60 cent for 1H2013.

Executive Chairman and Group Managing Director, Mr Richard Tay (郑 添 和), said: ***"We are pleased to note that we have successfully completed the operational consolidation for manufacturing facility in Malaysia. We expect to raise productivity and production efficiency progressively at the Malacca plant in the second half of this year (2H2014). With our key priorities focused on cost management and greater operational efficiency for the year ahead, our strategic growth plans for both business segments are now on track and is expected to reap positive results in due course."***

"Moving forward, we will remain vigilant and continue to improve our business and financial fundamentals, keeping in line with our strategy of strengthening our core competencies. YHI strives to focus on brand building, product innovation and design, as well as improvements in our production systems to enhance quality and productivity."

SECOND QUARTER RESULTS REVIEW

The Group reported a 1.6% (or S$2.1 million) increase in turnover to S$132.0 million in second quarter this year (2Q2014) from S$129.9 million in the previous quarter (2Q2013) mainly due to higher sales in our Manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 71.3% of the Group's total turnover, recorded a decrease of 2.3% (or S$2.2 million) in turnover, from S$96.3 million in 2Q2013 to S$94.1 million in 2Q2014. Manufacturing business, accounting for 28.7% of the Group's total turnover, recorded an increase of 12.8% (or S$4.3 million) in turnover, from S$33.6 million in 2Q2013 to S$37.9 million in 2Q2014.

Gross profit increased by 4.3% to S$29.0 million in 2Q2014 from S$27.8 million in 2Q2013. The Group's gross profit margin increased by 0.6% to 22.0% in 2Q2014 compared to 21.4% in 2Q2013 mainly due to improved margins from the distribution business.

PATMI for 2Q2014 increased by 7.6% to S$2.2 million as compared to S$2.1 million in 2Q2013, translating to EPS of 0.38 and 0.35 Singapore cent for 2Q2014 and 2Q2013 respectively.

FINANCIAL HIGHLIGHTS

The Group continues to record a healthy balance sheet with net asset of S$263.0 million. This gives a net asset value per share of 42.74 Singapore cents as at 30 June 2014. Net cashflow from operating activities for 1H2014 was healthy at S$22.5 million with cash and cash equivalents amounted to S$56.4 million at the end of June 2014.

Market capitalisation was S$143.2 million, derived from a closing share price of 24.5 Singapore cents as at 12 August 2014. The total number of shares issued to date was 584.6 million.

BUSINESS OUTLOOK & STRATEGIES

The outlook for our manufacturing business is expected to remain challenging due to the prevailing weak global demand for the After-Market wheels.

In Malaysia, the relocation of manufacturing facilities from Sepang to Malacca is now completed. With the manufacturing production consolidated in one location, we expect to raise productivity and production efficiency progressively at the Malacca plant in 2H2014. At the same time, the Group has put up the Sepang plant for sale and is now in preliminary discussion with a potential buyer, subject to the finalisation of the terms and conditions of the sale and purchase agreement.

In China, the Suzhou plant will focus on the production of After Market wheels for the export market; and our Shanghai plant will focus on the production of Original Equipment Manufacturing (OEM) wheels for the domestic Chinese market.

The Group will continue to focus on brand building, product innovation & design and improvements in our production technology to enhance our competitiveness in the market.

The operating environment of our distribution business is expected to remain competitive. The Group will continue to adopt the Multi-product, Multi-brand and Multi-category (“3M”) growth strategies and focus on the promotion and development of its portfolio of premium and proprietary brands. The Group will also continue to pursue the ("3R") policy vigilantly to Reduce inventory, Reduce accounts receivables and Reduce operating costs.

The Group expects the distribution business to continue to be the key contributor for the Group.

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About YHI International Limited (www.yhi.com.sg)

YHI International Limited (YHI) (友发国际有限公司) is a recognised distributor of high-quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer (ODM). It provides integrated services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

Today, YHI's wide international presence can be seen in over 100 countries operating through its 29 subsidiaries and one associated company located in Asia Pacific, North America and Europe. YHI distributes a diverse range of automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies to more than 5,000 customers globally.

The key tyre brands are Yokohama, Archilles, Roadstone, Nankang, Nexen, Pirelli, Corsa, Nitto, Otani and its proprietary brand – Neuton. YHI's portfolio of alloy rims includes renowned brands such as Enkei, OZ, Konig, Advanti Racing and Breyton. Advanti Racing is an official supplier to the Mercedes AMG Petronas Formula One Team for 2013 to 2015 Championships after being the official partner to Scuderia Toro Rosso Formula One Team from 2008 to 2012.

YHI's industrial product portfolio includes both automotive batteries and rechargeable batteries for commercial and industrial use as well as golf and utility buggies from EZGO. Some of the key brands of rechargeable batteries it distributes are Hitachi, Trojan, CSB, Benning, Crown, Vision and FIAMM. YHI also has its own proprietary brand of industrial and automotive batteries called Neuton Power.

As an integrated ODM solutions provider, YHI currently has five alloy wheels manufacturing plants located in Shanghai and Suzhou, China, Taoyuan in Taiwan, Sepang and Malacca in Malaysia with a current total production capacity of 4.0 million units per annum.

The Group aims to develop YHI into a global brand name where its tagline "The World is Our Market" will come true. Its plan is to continue to strengthen and widen the YHI's distribution network, through its multi-brand, multicategory and multi-product (3M) marketing strategies, focusing on promotion and development of its portfolio of premium and proprietary brands in the global market.

YHI (Malaysia) Sdn Bhd (YHI Malaysia) received the Super Golden Bull award four times, the latest being 2012 among small and medium-sized enterprises (SMEs) in Malaysia. The award which was organised by Nanyang Siang Pau honoured the best of SMEs in Malaysia.

Started as a sole proprietor in 1948, YHI has successfully diversified its business and was listed on the Mainboard of the Singapore Exchange on 3 July 2003.
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