

## YHI INTERNATIONAL LIMITED

### ESTABLISHMENT OF A JOINT VENTURE COMPANY IN JAPAN

The Board of Directors of YHI International Limited (the "Company") wishes to announce that YHI Manufacturing (Singapore) Pte Ltd ("YHI Manufacturing"), a wholly-owned subsidiary of the Company, had entered into a joint venture agreement (the "Joint Venture Agreement") with Messrs. Takashi Tatemoto and Naoto Sakaguchi who are 2 Japanese individuals, collectively with more than 10 years of experience in the sales and marketing of alloy wheels business in Japan.

Under the terms of the Joint Venture Agreement, YHI Manufacturing and Messrs. Takashi Tatemoto and Naoto Sakaguchi will incorporate a joint venture company in Japan to be known as "TTS International Company Limited" (the "Joint Venture Company"). The principal activities of the Joint Venture Company is:-

- (i) to act as distributor for imported and Japanese-made aftermarket alloy wheels, automotive parts and accessories; and
- (ii) to act as Authorised Sales Representative in Japan, for the Company's manufacturing operations in the PRC and Taiwan, to procure manufacturing orders for aftermarket alloy wheels from Japanese Domestic customers.

The issued and paid-up share capital of the Joint Venture Company will be ¥10.0 million, with YHI Manufacturing holding 60% of the issued share capital in the Joint Venture Company and Messrs. Takashi Tatemoto and Naoto Sakaguchi holding 30% and 10% of the issued share capital respectively.

The Directors of the Company believe that the Joint Venture is in line with the Company's strategy to expand the Company's distribution business and have determined that there is a significant market within Japan for alloy wheels manufactured by YHI and overseas markets for imported and Japanese-made aftermarket alloy wheels, automotive parts and accessories.

The investment in the Joint Venture Company will be funded through internal resources and is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company for the current financial year. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction.

Submitted by Yuen Sou Wai, Executive Director on 26/04/2004 to the SGX