

YHI INTERNATIONAL LIMITED

PRESS RELEASE

YHI AWARDED DISTRIBUTORSHIP FROM HITACHI TO DISTRIBUTE AUTOMOTIVE BATTERIES IN CHINA

- YHI to be responsible for market penetration and distribution of Hitachi automotive batteries for the entire PRC market**
- Strategic alliance with Hitachi allows YHI to ride the auto boom in the PRC**

Singapore, February 16 2004 - SGX Mainboard-listed YHI International Limited ("YHI" or "the Company"), an established distributor of automotive and industrial products and an original design manufacturer (ODM) of alloy wheels, has signed a distributorship agreement with Hitachi Storage Battery (Dongguan) Co Ltd ("Hitachi Dongguan") to distribute automotive batteries for the entire China market.

Hitachi Dongguan is a wholly-owned subsidiary of Japanese industrial giant, Shin-Kobe Electric Machinery Co, Ltd (Shin-Kobe). Shin-Kobe has invested a total of 2 billion Japanese yen to build Hitachi Dongguan's battery manufacturing plant in Dongguan, in South China. Aside from producing automotive batteries, Hitachi Dongguan also manufactures industrial batteries and batteries for golf buggies. The plant has a land area of 40,000 sq m with an estimated annual production capacity of 800,000 batteries. The initial production output from Hitachi Dongguan in 2004 is estimated to be about 540,000 batteries. About 150,000 pieces will be exported and the remaining 390,000 pieces will be distributed in the domestic China market.

Under the agreement, which was signed at a special signing ceremony in Shanghai and witnessed by senior management representatives from YHI, Hitachi Dongguan and Shin Kobe, YHI will be responsible for marketing and distribution, including brand-building for Hitachi's automotive batteries in the PRC. YHI shall be distributing the China-made Hitachi batteries via two main channels – through YHI's current extensive distributor network and its fast-expanding Yokohama concept stores. The Yokohama concept stores located in various major cities throughout China distribute a wide range of automotive products including tyres, alloy wheels and other automotive goods.

YHI was approached by Hitachi as their preferred partner, as Hitachi is confident that with YHI's extensive distribution network in China, YHI has the capabilities to penetrate Hitachi's products quickly into the fast growing automotive market. Besides, Hitachi has had a long-working relationship of more than 30 years with YHI. This is also the first time that Hitachi is collaborating with a Singapore company in China to build its branding and market presence in the vast China market, a demonstration of Hitachi's trust in YHI's management and capabilities. The sheer size of the PRC market is of extreme significance for Hitachi.

"We are delighted to appoint YHI as our strategic distribution partner for our batteries in China. We have enjoyed a long and rewarding business relationship with YHI and today, we are happy that we are extending our relationship further in China. YHI has also a proven track record and established an extensive distribution network in China, which will be very beneficial for us. We hope to maximise synergies between our two companies to capitalize on the strong growth potential in the robust China market," said Mr Ohmura Masaaki, Hitachi Dongguan's Managing Director.

Mr Richard Tay, Managing Director of YHI said of this partnership, "This distributorship is

important for YHI's continued expansion in China and will definitely add value to our portfolio of automotive and industrial products for this high-growth market. China - which is fast becoming the world's 4th largest auto centre and with its growing infrastructure needs, consumer demand for cars and automotive products is expected to increase significantly. We are indeed very honored and proud to be approached by global giant, Hitachi as its partner in such a vital market like China. YHI expects to grow together with Hitachi, riding on the economic, auto and industrial boom in the PRC. Our alliance with Hitachi constitutes part of YHI's overall strategy to target the vast domestic China market. "

About YHI International:

A homegrown company with a history of more than 56 years, YHI International has expanded its business from distributing tyres and automotive batteries to become an ODM of alloy wheels with two manufacturing plants, one in Shanghai and the other in Taoyuan, Taiwan. Its major manufacturing base in Shanghai, China occupies a total land area of 47 thousand square metres.

The Group's distribution network spans Singapore, the PRC, Hong Kong, Taiwan, Malaysia, 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, and Enkei and OZ for alloy wheels.

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 three years. Its turnover grew from S\$147.9 million in FY2000 to S\$176.9 million in FY2002 while its profit before tax grew from S\$6.5 million in FY2000 to S\$14.9m in FY2002. YHI's distribution business accounted for approximately 76.9% and 76.6% of turnover and profit before tax respectively, while the manufacturing business accounted for approximately 23.1% and 23.4% of turnover and profit before tax respectively for FY2002.

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For more information, please contact:

Tham Moon Yee / Mabel Ong
Stratagem Consultants Pte Ltd

Tel : 6227 0502

Fax : 6227 5663

Email : tmy@stratagemconsultants.com/mabel@stratagemconsultants.com

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Submitted by Yuen Sou Wai, Executive Director on 16/02/2004 to the SGX