

YHI INTERNATIONAL LIMITED

PRESS RELEASE - YHI INTERNATIONAL EXPANDS INTO THE JAPANESE MARKET

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- **Sets up new subsidiary in Osaka Japan**
- **Strategic move to take advantage of the expected upturn in Japanese economy and rising demand for alloy wheels, automotive parts and accessories in Japan**
- **Aim to enhance distribution reach and procure manufacturing orders from reputed Japanese Original Brand Makers of alloy wheels**

Singapore, 26 April 2004: In a strategic move to expand into the Japanese market for automotive products, 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, has set up a new subsidiary in Japan through its wholly-owned subsidiary, YHI Manufacturing (Singapore) Pte Ltd ("YHI Manufacturing").

YHI Manufacturing signed a joint venture agreement on 23 April 2004 with two local Japanese partners, Mr Takashi Tatemoto and Mr Naoto Sakaguchi to set up a Sales Office in Osaka, Japan. YHI Manufacturing will have a 60% stake in the company and the balance owned by the Japanese partners. Both Japanese partners bring with them, collectively, more than 10 years of experience in sales and marketing of alloy wheels in Japan.

The joint-venture company, called TTS International Company Limited ("TTS International") will be distributing imported and Japanese-made after-market alloy wheels, automotive parts and accessories.

TTS International will also serve as an authorized sales representative for YHI in Japan to secure manufacturing orders from Original Brand Makers (OBM) in Japan. This is in line with the Group's strategy to boost its manufacturing of after-market alloy wheels for Japanese auto companies. YHI is an established ODM of alloy wheels with two alloy wheel manufacturing plants located in Shanghai and Taiwan.

"With the expected recovery in the Japanese economy and the growing demand for imported and Japanese-made after-market alloy wheels in Japan and globally, we feel that it is timely for the Group to set up a direct presence in Japan.

The setting up of the joint venture is in line with the Company's strategy to expand the Company's distribution business and global reach. We believe that there is a significant demand within Japan for alloy wheels manufactured by YHI and overseas markets for imported and Japanese-made after-market alloy wheels, automotive parts and accessories. As the authorised sales representative of YHI, TTS International will also be able to secure new orders for our manufacturing facilities in China and Taiwan to produce alloy wheels for established Japanese brands. This will be another testimony to YHI's proven quality and ODM capabilities." said Mr Richard Tay, YHI's Group Managing Director.

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.

About YHI International:

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, 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\$220.7million in FY2003 while its profit after tax grew from S\$4.8 million in FY2000 to S\$14.6 million in FY2003. YHI's distribution business accounted for approximately 73% and 66% of turnover and profit after tax respectively, while the manufacturing business accounted for approximately 27% and 34% of turnover and profit after tax respectively in FY2003.

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