

## **Hitachi to establish room air-conditioner production company in Wuhu, China**

**Tokyo, Japan, August 23, 2001** -- Hitachi, Ltd. (TSE: 6501) today announced that this month it will establish a room air-conditioner production company in the city of Wuhu in Anhui, China. The new company, which is called Hitachi Household Appliances (Wuhu) Co., Ltd. and is scheduled to start production in November 2002, will strengthen Hitachi's cost-competitiveness with low-priced, volume-zone models in the China and Japan markets.

The new company is being established as a future global manufacturing base, and will be set up as a wholly owned Hitachi subsidiary, with Hitachi, Ltd. putting up 90% of the capital and Hitachi (China), Ltd. 10%.

In fiscal 2000, demand for air-conditioners in the China market was estimated at 8.5 million units. Looking ahead, Hitachi expects the market to grow annually at a double-digit pace. Shanghai Hitachi Household Appliances Co., Ltd. (SHHA) already produces and sells 0.4 million units a year. When the new company comes on line, combined annual production capacity will rise to 0.7 million units, and will be used to meet increasing demand and to expand Hitachi's market share. Moreover, Wuhu has lower labor costs than Shanghai, and locating the new company in the Anhui province makes Hitachi eligible for incentives related to developing the Midwestern region, making it possible to further reduce costs. The new company will produce lower-priced models for the mass-market, while SHHA will focus on producing higher-end models such as inverter types and package types.

To lower prices of mass-market models in the Japanese market, the new company will also export to Japan, helping to ensure Hitachi's price-competitiveness in the Japan market.

As part of its policy to expand its consumer products business, Hitachi is planning to strengthen overseas operations. In fiscal 2000, overseas operations accounted for 26% of the business of the Consumer Products Group. Hitachi plans to increase this figure to 40% by fiscal 2004. The new company was established to achieve this goal by increasing Hitachi's share of the growing Chinese market, and to act as a global production base.

(more)

**About new company**

Company Name: Hitachi Household Appliances (Wuhu) Co., Ltd.

President: Jiro Yoshii

Location: Wuhu Economic & Technological Development Zone, Wuhu, Anhui Province, China

Date of establishment: August 2001

Capital: US\$21 million

Equity ratio: Hitachi, Ltd.: 90%, Hitachi (China): 10%

Business: Manufacture of room air-conditioners

Production capacity: 300,000 units/year

**About SHHA**

Company Name: Shanghai Hitachi Household Appliances Co., Ltd.

President: Masayoshi Kojima

Location: Shanghai, China

Date of establishment: April 1994

Capital: US\$30,670,000

Equity ratio: Hitachi, Ltd.: 55%, Shanghai Electrical Apparatus Co.,Ltd. 40%,  
Hitachi affiliates 5%

Business: Manufacture and sale of air-conditioners

Production capacity: 400,000 air-conditioners/year

**About Hitachi (China)**

Company Name: Hitachi (China), Ltd.

President: Masao Hisada

Location: Beijing, China

Date of establishment: October 1994

Capital: US\$65,400,000

Equity ratio: Hitachi, Ltd.: 100%

Business: Strategic business planning and information-gathering in China

**About Hitachi, Ltd.:**

Hitachi, Ltd., headquartered in Tokyo, Japan, is one of the world's leading global electronics companies, with fiscal 2000 (ended March 31, 2001) consolidated sales of 8,417 billion yen (\$67.9 billion\*). The company manufactures and markets a wide range of products, including computers, semiconductors, consumer products and power and industrial equipment. For more information on Hitachi, Ltd., please visit Hitachi's Web site at <http://global.hitachi.com>.

\*At an exchange rate of 124 yen to the dollar.