



ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 – CLARIFICATION ANNOUNCEMENT

Introduction

The Board of Directors (the “**Board**”) of YHI International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 13 April 2020 in relation to the Company’s annual report for the financial year ended 31 December 2019 (“**Annual Report**”).

The Company sets out below its responses to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

Query 1:

*Provision 2.4 of the 2018 Code of Corporate Governance (the “**Code**”) states that “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.” (emphasis added)*

Please disclose whether and how Provision 2.4 has been complied with. Where the Company’s practices vary from the provisions of the Code, please explicitly state the provision from which it has varied, explain the reason for variation, and explain how the practices adopted are consistent with the intent of the relevant principle in the Code as required by Listing Rule 710.

Company’s Response:

The Company currently has in place a Board with diverse backgrounds and expertise. We have Independent Directors with finance, accounting, corporate finance and/or business expertise, with successful careers in professional firm, MNC or listed companies. The Company is regularly reviewing its Board composition, Board succession planning and renewal with diversity in mind. The Company will make the relevant announcement in due course to update shareholders.

Query 2:

Provision 8.1 of the Code states that “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.” (emphasis added)

In this regard, please comply with the requirements of Provision 8.1 of the Code. Where the Company’s practices vary from the provisions of the Code, please explicitly state the provision from which it has

varied, explain the reason for variation, and explain how the practices adopted are consistent with the intent of the relevant principle in the Code as required by Listing Rule 710.

Company's Response:

The Company operates in a niche industry in automotive manufacturing and distribution industry sector where relevant talent and expertise is limited. It has been facing and continues to face stiff competition in attracting and retaining talent in a small community of industry players. The Company is of the view that specific detailed information on aggregate remuneration of individual director and key management personnel will affect its ability to retain its talent pool and is not in the best interests of the Company.

By Order of the Board of
YHI International Limited

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director

24 April 2020