



**YHI INTERNATIONAL LIMITED
AND ITS SUBSIDIARIES**

(Incorporated in Singapore. Registration Number: 200007455H)

**CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2023**

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**YHI INTERNATIONAL LIMITED
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CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

		The Group			
		6 months ended 30 June 2023	6 months ended 30 June 2022	Increase/ (Decrease)	
Note		\$'000	\$'000	%	
	Sales	4	186,563	226,520	(17.6%)
	Cost of sales		(141,565)	(174,770)	(19.0%)
	Gross profit		44,998	51,750	(13.0%)
	Other gains - net		4,517	8,637	(47.7%)
	Credit loss allowance on trade receivables		(655)	(647)	1.2%
	Expenses				
	- Distribution		(18,901)	(20,441)	(7.5%)
	- Administrative		(19,729)	(20,227)	(2.5%)
	- Finance		(1,749)	(1,605)	9.0%
	Share of profit of associated companies		1,721	1,881	(8.5%)
	Profit before income tax	5	10,202	19,348	(47.3%)
	Income tax expense	6	(2,253)	(3,112)	(27.6%)
	Net profit		7,949	16,236	(51.0%)
	Profit Attributable to:				
	Equity holders of the Company		7,474	15,701	(52.4%)
	Non-controlling interests		475	535	(11.2%)
			7,949	16,236	(51.0%)
	Earnings per share attributable to the equity holders of the Company				
	- Basic		2.57	5.41	(52.5%)
	- Diluted		2.57	5.41	(52.5%)

The accompanying notes form an integral part of these financial statements.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

	The Group		
	6 months ended 30 June 2023	6 months ended 30 June 2022	Increase/ (Decrease)
	\$'000	\$'000	%
Profit for the period	7,949	16,236	(51.0%)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	(5,115)	(5,666)	(9.7%)
Items that will not be reclassified subsequently to profit or loss			
- Currency translation differences	(101)	(146)	(30.8%)
Total comprehensive income for the period	2,733	10,558	(74.1%)
Total comprehensive income to:			
Equity holders of the Company	2,359	10,169	(76.8%)
Non-controlling interests	374	389	(3.9%)
	2,733	10,558	(74.1%)

The accompanying notes form an integral part of these financial statements.

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CONDENSED INTERIM BALANCE SHEETS – GROUP AND COMPANY

Note	The Group		The Company		
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	
	\$'000	\$'000	\$'000	\$'000	
ASSETS					
Current assets					
	Cash and bank balances	56,504	60,576	2,606	6,775
	Trade and other receivables	82,025	82,600	26,303	30,659
	Inventories	112,199	135,350	-	-
		250,728	278,526	28,909	37,434
Non-current assets					
	Transferable club memberships	65	65	-	-
	Investment in associated companies	28,582	27,432	-	-
	Investments in subsidiaries	-	-	102,206	102,207
9	Property, plant and equipment	55,628	58,997	329	381
	Right-of-use assets	28,421	30,092	-	-
	Investment property	9,629	10,108	-	-
	Intangible assets	2,516	2,594	-	-
	Deferred income tax assets	3,203	3,346	-	-
		128,044	132,634	102,535	102,588
	Total assets	378,772	411,160	131,444	140,022
LIABILITIES					
Current liabilities					
	Trade and other payables	35,380	47,841	864	2,313
	Current income tax liabilities	1,826	2,781	334	291
11	Borrowings	30,215	39,296	-	-
	Lease liabilities	4,792	5,663	-	-
		72,213	95,581	1,198	2,604
Non-current liabilities					
11	Borrowings	1,830	2,520	-	-
	Lease liabilities	22,284	22,739	-	-
	Deferred income tax liabilities	1,624	1,591	-	-
	Other non-current liabilities	359	340	-	-
		26,097	27,190	-	-
	Total liabilities	98,310	122,771	1,198	2,604
	NET ASSETS	280,462	288,389	130,246	137,418
EQUITY					
Capital and reserves attributable to equity holders of the Company					
12	Share capital	77,001	77,001	77,001	77,001
12	Treasury shares	(671)	(671)	(671)	(671)
	Other reserves	(17,347)	(12,367)	404	269
	Retained profits	213,442	216,422	53,512	60,819
		272,425	280,385	130,246	137,418
	Non-controlling interests	8,037	8,004	-	-
	Total equity	280,462	288,389	130,246	137,418

The accompanying notes form an integral part of these financial statements.

**YHI INTERNATIONAL LIMITED
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

The Group

Note	← Attributable to equity holders of the Company →				Sub-total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained profits \$'000			
2023							
	77,001	(671)	(12,367)	216,422	280,385	8,004	288,389
	-	-	-	7,474	7,474	475	7,949
	-	-	(5,115)	-	(5,115)	(101)	(5,216)
	-	-	(5,115)	7,474	2,359	374	2,733
	-	-	135	-	135	-	135
	-	-	-	(10,454)	(10,454)	(341)	(10,795)
	77,001	(671)	(17,347)	213,442	272,425	8,037	280,462
2022							
	77,001	(671)	3,779	206,180	286,289	8,022	294,311
	-	-	-	15,701	15,701	535	16,236
	-	-	(5,666)	-	(5,666)	(146)	(5,812)
	-	-	(5,666)	15,701	10,035	389	10,424
	-	-	134	-	134	-	134
	-	-	-	(10,454)	(10,454)	(645)	(11,099)
	-	-	56	(56)	-	-	-
	77,001	(671)	(1,697)	211,371	286,004	7,766	293,770

The accompanying notes form an integral part of these financial statements.

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

The Company

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000
Balance at 1 January 2023	77,001	(671)	269	60,819	137,418
Total comprehensive income for the period	-	-	-	3,147	3,147
Employee share option scheme					
- Value of employee services	-	-	135	-	135
Dividends relating to 2021 paid	-	-	-	(10,454)	(10,454)
Balance at 30 June 2023	77,001	(671)	404	53,512	130,246

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000
Balance at 1 January 2022	77,001	(671)	-	57,339	133,669
Total comprehensive income for the period	-	-	-	14,989	14,989
Employee share option scheme					
- Value of employee services	-	-	134	-	134
Dividends relating to 2021 paid	-	-	-	(10,454)	(10,454)
Balance at 30 June 2022	77,001	(671)	134	61,874	138,338

The accompanying notes form an integral part of these financial statements.

**YHI INTERNATIONAL LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
Cash flows from operating activities		
Net profit	7,949	16,236
Adjustments for:		
- Income tax expense	2,253	3,112
- Depreciation of property, plant and equipment and investment property	3,088	3,674
- Depreciation of right-of-use assets	3,312	3,578
- Amortisation of intangible assets	68	158
- (Gain)/loss on disposal of property, plant and equipment	(166)	1
- Gain on disposal of disposal group held for sale	-	(4,894)
- Loss on early termination of leases	-	9
- Interest expense	1,749	1,605
- Interest income	(200)	(93)
- Share of profit of an associated company	(1,721)	(1,881)
- Unrealised currency translation differences	24	61
Operating cash flow before working capital changes	16,356	21,566
Changes in working capital		
- Inventories	20,685	8,115
- Trade and other receivables	(599)	(13,066)
- Trade and other payables	(11,972)	(6,070)
Cash generated from operations	24,470	10,545
Interest received	200	93
Income tax paid	(2,733)	(2,806)
Net cash provided by operating activities	21,937	7,832
Cash flows from investing activities		
Dividends received from an associated company	583	-
Proceeds from sale of property, plant and equipment	216	236
Proceeds from sale of disposal group held for sale	-	4,273
Purchase of property, plant and equipment	(1,021)	(1,346)
Purchase of intangible assets	-	(22)
Net cash (used)/provided in investing activities	(222)	3,141
Cash flows from financing activities		
Dividends paid to equity holders of the Company	(10,454)	(10,454)
Dividends paid to non-controlling interest	(341)	(645)
Interest paid	(1,749)	(1,605)
Proceeds from borrowings	2,342	3,194
Repayments of borrowings	(11,492)	(11,375)
Principal payment of lease liabilities	(3,047)	(3,287)
Net cash used in financing activities	(24,741)	(24,172)
Net decrease in cash and bank balances	(3,026)	(13,199)
Cash and bank balances at beginning of the financial year	60,576	83,642
Effects of currency translation on cash and bank balances	(1,046)	(973)
Cash and bank balances at end of the financial year	56,504	69,470
Consolidated cash and bank balances represented by		
Cash and bank balances	56,504	69,470
Cash and bank balances as per consolidated statement of cash flows	56,504	69,470

The accompanying notes form an integral part of these financial statements.

**YHI INTERNATIONAL LIMITED
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

YHI International Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. These interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are distribution of automotive & related products and manufacturing of alloy wheels

2. Basis of preparation

The interim financial statements for the six months ended 30 June 2023 have been prepared in accordance SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the ‘settlement’ of a liability.

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2.1 New and amended standards adopted by the Group (continued)

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023) (continued)

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

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2.2 Critical accounting estimates, assumptions and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has determined the operating segments based on the reports reviewed by senior management that are used to make strategic decisions.

Management manages and monitors three operating segments as follows:

- Manufacturing
 - Regional areas include North East Asia and ASEAN which are engaged in the manufacturing of alloy wheels.
- Distribution
 - Regional areas include North East Asia, ASEAN and Oceania regions which are engaged in the distribution of automotive and industrial products.
- Rental
 - Regional area covers North East Asia which is engaged in rental activities.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

The segment information provided to senior management for the period ended 30 June 2023 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					Rental segment	Total
	North			North					North	
	East Asia	ASEAN	Sub-total	East Asia	ASEAN	Oceania	Others	Sub-total	East Asia	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales										
Total segment sales	29,741	23,195	52,936	8,897	57,079	70,382	10,748	147,106	-	200,042
Inter-segment sales	(6,778)	(6,701)	(13,479)	-	-	-	-	-	-	(13,479)
Sales to external parties	<u>22,963</u>	<u>16,494</u>	<u>39,457</u>	<u>8,897</u>	<u>57,079</u>	<u>70,382</u>	<u>10,748</u>	<u>147,106</u>	<u>-</u>	<u>186,563</u>
Segment result	302	(666)	(364)	293	1,441	2,925	1,979	6,638	1,019	7,293
Other gains										2,937
Unallocated costs										-
										<u>10,230</u>
Finance expenses										(1,749)
Share of profit of associated companies	-	1,160	1,160	-	561	-	-	561	-	<u>1,721</u>
Profit before income tax										<u>10,202</u>
Income tax expense										<u>(2,253)</u>
Net profit										<u>7,949</u>
Segment assets	51,904	65,450	117,354	13,184	119,628	94,472	8,884	236,168	13,956	367,478
Segment assets includes:										
Investment in associated companies	-	23,743	23,743	-	4,839	-	-	4,839	-	28,582
Additions/(disposals) to:										
- Property, plant and equipment	41	226	267	3	163	481	7	654	5	926
- Right-of-use assets	-	(11)	(11)	-	87	2,124	-	2,211	-	2,200
Investment property	-	-	-	-	1,672	-	-	1,672	7,956	9,628
Segment liabilities	(5,263)	(3,203)	(8,466)	(1,346)	(15,721)	(35,846)	(578)	(53,491)	(858)	(62,815)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

The segment information provided to senior management for the period-ended 30 June 2022 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					Rental segment	Total
	North			North		Oceania	Others	Sub-total	North	
	East Asia	ASEAN	Sub-total	East Asia	ASEAN				East Asia	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Sales										
Total segment sales	47,761	39,870	87,631	9,851	64,232	72,517	12,505	159,105	-	246,736
Inter-segment sales	(11,488)	(8,728)	(20,216)	-	-	-	-	-	-	(20,216)
Sales to external parties	36,273	31,142	67,415	9,851	64,232	72,517	12,505	159,105	-	226,520
Segment result	2,136	1,809	3,945	663	2,159	2,342	1,696	6,860	1,161	11,966
Other gains										7,106
Unallocated costs										-
										19,072
Finance expenses										(1,605)
Share of profit of associated companies	-	1,320	1,320	-	561	-	-	561	-	1,881
Profit before income tax										19,348
Income tax expense										(3,112)
Net profit										16,236
Segment assets	71,717	82,468	154,185	16,276	124,258	94,347	12,339	247,220	12,258	413,663
Segment assets includes:										
Investment in associated companies	-	23,025	23,025	-	3,918	-	-	3,918	-	26,943
Additions/(disposals) to:										
- Property, plant and equipment	194	82	276	1	597	471	-	1,069	-	1,345
- Intangible assets	-	-	-	1	21	-	-	22	-	22
- Right-of-use assets	-	1,787	1,787	-	1,166	144	-	1,310	-	3,097
Investment property	-	-	-	-	1,862	-	-	1,862	9,247	11,109
Segment liabilities	(9,697)	(5,419)	(15,116)	(2,779)	(17,167)	(31,951)	(2,390)	(54,287)	(939)	(70,342)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

Inter-segment sales are carried out at market terms. The revenue from external parties reported to senior management is measured in a manner consistent with that in profit or loss.

Senior management assesses the performance of the operating segments based on segment result. This measurement basis excludes other gains and other unallocated costs. Finance expenses are not allocated to segments, as this type of activity is driven by the Group's treasury, which manages the cash position of the Group.

(a) Reconciliations

(i) Segment assets

The amounts provided to senior management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, senior management monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets, derivative financial instruments, short-term bank deposits and transferable club membership.

Segment assets are reconciled to total assets as follows:

	Group	
	30 June 2023 \$'000	30 June 2022 \$'000
Segment assets	367,478	413,663
Unallocated:		
Deferred income tax assets	3,203	3,625
Short-term bank deposits	8,026	1,926
Transferable club membership	65	65
	378,772	419,279

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

(a) Reconciliations (continued)

(ii) Segment liabilities

The amounts provided to senior management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred income tax liabilities and borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	30 June 2023 \$'000	30 June 2022 \$'000
Segment liabilities	62,815	70,342
Unallocated:		
Income tax liabilities	1,826	1,750
Deferred income tax liabilities	1,624	1,652
Borrowings	32,045	51,765
	98,310	125,509

(b) Revenue from major products and services

Revenues from external customers are derived mainly from distribution of automotive and industrial products and manufacturing of alloy wheels. Breakdown of the revenue is as follows:

	Group	
	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
Distribution of automotive and industrial products	147,106	159,105
Manufacturing of alloy wheels	39,457	67,415
	186,563	226,520

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4. Segment and revenue information (continued)

(c) Geographical information

The Group operates in the following geographic areas:

	Group			
	Sales *		Non-current assets	
	6 months ended 30 June 2023	6 months ended 30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Singapore	33,660	36,270	49,240	49,902
Malaysia	27,322	42,103	27,644	28,584
China/Hong Kong	24,740	33,832	22,259	26,749
Taiwan	7,120	12,292	2,067	2,808
Australia	43,549	44,114	13,671	13,644
New Zealand	26,833	28,403	8,124	7,807
Other countries	23,339	29,506	1,771	2,557
	186,563	226,520	124,776	132,051

* Sales are attributed to countries on the basis of the Group's subsidiaries locations.

There are no revenues derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue.

5. Profit before taxation

5.1 Significant items

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Interest income	200	93
Rental income	2,586	2,884
Interest on borrowings	(1,068)	(940)
Lease interest	(681)	(665)
Depreciation of property, plant and equipment and investment property	(3,088)	(3,674)
Depreciation of right-of-use assets	(3,312)	(3,578)
Amortisation of intangible assets	(68)	(158)
Credit loss allowance on trade receivables	(655)	(647)
Write-down of inventories	(582)	(1,118)
Currency exchange gain - net	1,059	1,797
Share of profit of associated companies	1,721	1,881
Gain/(loss) on disposal of property, plant and equipment	166	(1)
Gain on disposal of disposal group held for sale	-	4,894

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5.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Sales and purchases of goods and services

	Group	
	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
Sales of goods to associated companies	1,815	6,358
Purchases of goods from associated companies	(883)	(153)
Rental income from associated company	131	147

Outstanding balances as at 30 June 2023, arising from sale/purchase of goods to/from associated companies, are unsecured, receivable/payable within 6 months from balance sheet date.

6. Income tax

	Group	
	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	226	628
- Foreign	1,806	2,173
	2,032	2,801
Deferred income tax	191	247
	2,223	3,048
(Over)/Under provision in previous financial years		
- Current income tax	(2)	25
- Deferred income tax	32	39
	2,253	3,112

**YHI INTERNATIONAL LIMITED
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. Dividends

	Company	
	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
<i>Ordinary dividends paid or proposed</i>		
Final exempt dividend paid in respect of the previous financial year of 3.60 cent (2022: 3.60 cent) per share	10,454	10,454

8. Net asset value per share

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Net asset value per ordinary share	93.81 cents	96.55 cents	44.85 cents	47.32 cents
Number of shares used in calculating net asset value per share	290,399,811	290,399,811	290,399,811	290,399,811

9. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$924,000 (30 June 2022: \$1,346,000) and disposed of assets amounting to \$50,000 (30 June 2022: \$237,000).

10. Derivative financial instruments

	Contract notional <u>amount</u> \$'000	Group Fair value	
		<u>Asset</u> \$'000	<u>Liability</u> \$'000
30 June 2023			
<i>Non-hedging instruments</i>			
- Currency forwards	4,648	-	-
Less: Current portion		-	-
Non-current portion		-	-

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10. Derivative financial instruments (continued)

	Contract notional amount \$'000	Group Fair value	
		<u>Asset</u> \$'000	<u>Liability</u> \$'000
31 December 2022			
<i>Non-hedging instruments</i>			
- Currency forwards	4,706	-	-
Less: Current portion		-	-
Non-current portion		-	-

The currency forwards are derivative financial instruments which are measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<u>Level 2</u> \$'000
<u>Group</u>	
As at 30 June 2023	
Derivative financial instruments	
- Asset	-
- Liability	-
As at 31 December 2022	
Derivative financial instruments	
- Asset	-
- Liability	-

11. Borrowings

	Group	
	30 June 2023 \$'000	31 December 2022 \$'000
<u>Amount repayable within one year or in demand</u>		
Secured	30,215	39,296
<u>Amount repayable after one year</u>		
Secured	1,830	2,520
Total borrowings	32,045	41,816

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. Borrowings (continued)

Details of any collateral

The Group's borrowings are secured over a fixed and floating charge on all the assets of certain subsidiaries.

12. Share capital and treasury shares

	← No. of ordinary shares →		← Amount →	
	Issued share capital '000	Treasury shares '000	Share capital \$'000	Treasury shares \$'000
2023				
Beginning and end of period	<u>292,296</u>	<u>1,896</u>	<u>77,001</u>	<u>(671)</u>
2022				
Beginning and end of period	<u>292,296</u>	<u>1,896</u>	<u>77,001</u>	<u>(671)</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

There was no change in the Company's number of shares since 31 December 2022. The share capital of the Company as at 30 June 2023 was 292,295,811 ordinary shares.

The 1,896,000 treasury shares held by the Company represented 0.65% of the total number of issued shares (excluding treasury shares) as at 30 June 2023 (30 June 2022: 1,896,000). There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2023.

There were no outstanding convertibles issued by the Company as at 30 June 2023.

The total number of issued shares excluding treasury shares are as set out below.

	Company	
	30 June 2023	31 December 2022
Total numbers of issued shares	292,295,811	292,295,811
Less: Treasury shares	(1,896,000)	(1,896,000)
Total number of issued shares excluding treasury shares	<u>290,399,811</u>	<u>290,399,811</u>

**YHI INTERNATIONAL LIMITED
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. Share capital and treasury shares (continued)

Movements in the number of unissued ordinary shares under the 2021 YHI Share Option Scheme and their exercise price are as follows:

<u>Group and Company</u>	<u>No. of ordinary shares under option</u>				<u>End of period</u>	<u>Exercise price</u>	<u>Exercise period</u>
	<u>Beginning of period</u>	<u>Granted during the period</u>	<u>Forfeited during the period</u>	<u>Exercised during the period</u>			
30 June 2023							
2021 Options	2,200,000	-	-	-	2,200,000	\$0.39	24.12.2023 – 23.12.2031

OTHER INFORMATION REQUIRED BY LISTING RULE
APPENDIX 7.2

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OTHER INFORMATION

1. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The condensed consolidated balance sheet of YHI International Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated income statement and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS (1H2023 VS 1H2022)

Turnover

The Group reported a 17.6% (or \$39.9 million) decrease in turnover to \$186.6 million (1H2023) from \$226.5 million (1H2022) mainly due to lower sales recorded in 1H2023 from both our distribution and wheel manufacturing business as global economic slowdown impacted consumer demand for our products.

Distribution business, accounting for 78.9% of the Group's total turnover, recorded a decrease of 7.5% (or \$12.0 million) in turnover, from \$159.1 million (1H2022) to \$147.1 million (1H2023) mainly due to lower sales from our core products across the board. Our wheel manufacturing business, accounting for 21.1% of the Group's total turnover, recorded a decrease of 41.5% (or \$27.9 million) in turnover from \$67.4 million (1H2022) to \$39.5 million (1H2023), contributed by all three factories.

Gross Profit

Gross Profit decreased by 13.0% (or \$6.8 million) to \$45.0 million (1H2023) from \$51.8 million (1H2022) mainly due to lower sales and gross profit margins contributed by our tyre distribution and wheel manufacturing business. Gross profit margin increased to 24.1% in 1H2023 compared to 22.8% in 1H2022 contributed by our wheels and energy distribution business.

Other gains

Other gains decreased by 47.7% (or \$4.1 million) to \$4.5 million (1H2023) from \$8.6 million (1H2022) mainly due to the absence of a one-off gain on disposal of Yokohama Tyre Sales Malaysia Sdn Bhd ("YTSM") of about \$4.9 million reported in 1H2022.

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OTHER INFORMATION

REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS (1H2023 VS 1H2022) (continued)

Operating Expenses

Distribution expenses decreased by 7.5% (or \$1.5 million) in 1H2023 to \$18.9 million compared to \$20.4 million in 1H2022 mainly due to lower carriage outwards in line with lower sales.

Administrative expenses decreased by 2.5% (or \$0.5 million) in 1H2023 to \$19.7 million compared to \$20.2 million in 1H2022 mainly due to lower staff related costs.

Financing costs increased by 9.0% (or \$0.1 million) in 1H2023 to \$1.7 million compared to \$1.6 million in 1H2022 mainly due to higher loan interest.

Share of Profit of Associated Companies

Our share of profit from associated companies decreased by 8.5% (or \$0.2 million) to \$1.7 million in 1H2023 as compared to \$1.9 million in 1H2022 mainly due to lower profit reported by OZ SpA.

Income Tax expense

Income tax expense decreased by 27.6% (or \$0.8 million) in 1H2023 to \$2.3 million from \$3.1 million in 1H2022 mainly due to lower profit before tax for the year.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased by 52.4% (or \$8.2 million) to \$7.5 million in 1H2023 from \$15.7 million in 1H2022 mainly due to higher one-off gains on disposal of YTSM in 1H2022.

BALANCE SHEET REVIEW

As at 30 June 2023, total assets amounted to about \$378.8 million comprising \$250.7 million of current assets and \$128.1 million of non-current assets. Total liabilities amounted to about \$98.3 million comprising current liabilities of \$72.2 million and non-current liabilities of \$26.1 million. Shareholders' equity including non-controlling interests amounted to 280.5 million.

The substantial changes in the balance sheet compared to 31 December 2022 are as follows:

Inventories

Inventories decreased from \$135.4 million to \$112.2 million mainly due to better inventory management.

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OTHER INFORMATION

BALANCE SHEET REVIEW (continued)

Trade and other payables

Trade and other payables decreased from \$47.8 million to \$35.4 million mainly due to payments to suppliers.

Current income tax liabilities

Income tax liabilities decreased from \$2.8 million to \$1.8 million mainly due to income tax paid in 1H2023.

Borrowings (current & non-current)

Borrowings decreased from \$41.8 million to \$32.0 million due to repayment of bank borrowings in 1H2023.

Other reserves

Other reserves, consist of foreign currency translation loss on overseas investments, decreased from negative \$12.4 million to negative \$17.3 million mainly due to weakening of RMB and MYR against SGD.

STATEMENT OF CASHFLOW REVIEW

Operating activities generated \$21.9 million in 1H2023. The Group utilised \$0.2 million in investing activities mainly for the purchase of property, plant and equipment offset with dividend received from associated company. A total of \$24.7 million was utilised in financing activities mainly for dividend payment, repayment of borrowings and lease liabilities. Cash and cash equivalents amounted to \$56.5 million as at 30 June 2023 compared to \$60.6 million reported as at 31 December 2022.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no forecast or prospect statement previously disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The on-going Russia-Ukraine conflict continued to cast uncertainties which resulted to a decrease in economic activities in Europe that affected our sales in that geographical region. Our Malaysia factory, where it exports over 80% of its wheels to the European market, suffered a 50% reduction in sales in the 1H2023 compared to the corresponding period last year. The Ukraine war is expected to continue into the 2H2023, coupled with the elevated interest rates and inflationary pressures, we expect the slowdown in the global economic activities will continue to impact the demand for our wheel products globally in the 2H2023.

OTHER INFORMATION

4. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months** (continued)

The Group's core tyre and energy distribution businesses remain resilient in our key regional markets amidst the backdrop of a slowdown in global economic activities in the 1H2023. The Group is confident of its distribution business model, and with the right product-offering in the existing sales network in the various regional markets, customer demand should remain resilient regionally and our distribution business is expected to continue to contribute positively in the 2H2023. The Group will continue to seek new business opportunities for its distribution businesses across the various market segments regionally.

The Group will keep a close watch of the development of the macroeconomic uncertainties, navigate through the challenging business landscape carefully and take appropriate measures to reduce its operating costs, right sizing its resources to improve its operational efficiency and productivity to remain competitive to mitigate the financial impact on our businesses.

5. **Dividend information**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been recommended for the period ended 30 June 2023 as the Company generally recommends dividend at the end of the financial year.

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- 6. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, please make a statement to that effect**

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

- 7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

- 8. Statement Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

We, Tay Tian Hoe Richard and Tay Tiang Guan, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tay Tian Hoe Richard
Executive Chairman and Group
Managing Director

Tay Tiang Guan
Director

Singapore
11 August 2023