



YHI
Since 1948

友发国际有限公司

YHI INTERNATIONAL LIMITED

Listed on the mainboard of the Singapore Exchange
Company Registration Number 200007455H



**STABLE POSITION
SOLID PLATFORM**

ANNUAL REPORT 2022

STABLE POSITION SOLID PLATFORM

As the world moves towards living with COVID-19, we will focus on strengthening our fundamentals and reinforcing our resilience, creating a solid platform and strengthening our market positions to seize opportunities and deliver stable growth.

OUR MISSION



To be a recognised global distributor of high quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer.



To position our company effectively by continuously providing our customers with quality products and distinctive customer services so as to build strong customer relationships.



To be committed to quality, professional and personnel management, sound business practices and teamwork.



To provide growth and opportunities for our employees and to consistently generate stable returns to our shareholders.

CONTENTS

2	Corporate Profile	22	Financial Review	38	Corporate Information / Financial Calendar
4	Our Products	24	Corporate Milestones	40	Corporate Governance
6	Manufacturing Capabilities	28	Board Of Directors	62	Financial Report
7	Our Quality Certificates	30	Senior Management Team	141	Statistics Of Shareholdings
8	Five-Year Financial Highlights	32	Head Of Subsidiaries	143	Notice Of Annual General Meeting
9	Five-Year Financial Summary	34	Corporate Structure	148	Additional Information On Directors Seeking Re-Appointment
11	Chairman's Message	36	Global Presence		Proxy Form
18	Business Review				



CORPORATE PROFILE



“ YHI’s international presence spans across over 100 countries through its 32 subsidiaries and 3 associated companies located across Asia Pacific, North America and Europe. YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, energy solutions, buggy & utilities vehicles and other industrial products to more than 5,000 customers globally. ”

YHI International Limited is a leading global distributor of high-quality automotive and industrial products, and a trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer (ODM).

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on 3 July 2003, YHI has successfully diversified its business and carved a niche for itself in the global automotive arena since its humble beginnings as a sole proprietorship established in 1948.

Today, YHI’s international presence spans across over 100 countries through its 32 subsidiaries and 3 associated companies located across Asia Pacific, North America and Europe. YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels,



energy solutions, buggy & utilities vehicles and other industrial products to more than 5,000 customers globally.

YHI currently has three alloy wheels manufacturing plants located in Suzhou in China, Taoyuan in Taiwan and Malacca in Malaysia, with a current total production capacity of 2.3 million units per annum. As an integrated ODM solutions provider, it provides services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

In order to strengthen the YHI distribution network, the Group will continuously sharpen its sales focus, as well as embark on strategic plans to promote and develop its portfolio of premium and proprietary brands in the global market where “The World is Our Market”.

OUR PRODUCTS



TYRES








We have an extensive range of tyres from passenger cars to commercial and off-the-road vehicles, to cater for different market needs. The key tyre brands we represent are Yokohama, Nankang, Pirelli and Toyo Tires.

 JAPAN	 ITALY	 GERMANY	 JAPAN	 JAPAN
 TAIWAN	 KOREA	 KOREA	 INDONESIA	 INDONESIA
 USA	 USA	 USA	 SINGAPORE	 THAILAND
 INDIA	 INDIA	 CHINA	 CHINA	 CHINA
 CHINA	 CHINA	 CHINA	 CHINA	



ALLOY WHEELS

Our alloy wheels brand portfolio includes renowned brands like Enkei, OZ, König and our own proprietary brand, Advanti Racing.

 SINGAPORE	 JAPAN	 USA	 ITALY	 ITALY
 GERMANY	 USA			

OUR PRODUCTS



BUGGY & UTILITY VEHICLES

Our range of environmentally friendly buggies and utility vehicles are used in golf courses, resorts, private and commercial areas and also for special events. It can be used for work, personal transportation or any general purpose mobility. We represent brands such as E-Z-GO and Cushman and our own proprietary brand, Neuton Power Electric.



SINGAPORE



USA



USA



ENERGY SOLUTIONS

We carry an extensive range of rechargeable batteries suitable for commercial and industrial use. These batteries are used in different industries for different applications including renewable energy. The leading brands that we represent include Trojan, CSB, Vision and our own proprietary brand, Neuton Power.



SINGAPORE



USA



CHINA



TAIWAN



USA



INDIA



KOREA



ITALY



USA



INDIA



JAPAN



CHINA



CHINA



KOREA



OTHER INDUSTRIAL PRODUCTS

We have lubricants and a wide range of industrial products such as solar panels, chargers, invertors and UPS.



SINGAPORE



FRANCE



GERMANY



CANADA



USA



CHINA



UK



GERMANY



TAIWAN

MANUFACTURING CAPABILITIES

As an Original Design Manufacturer (ODM), our value proposition is providing our customers with a seamless supply chain from the design and development, manufacturing, advertising and promotion to distribution and sales for their alloy wheels through our extensive global network.

While distribution had been the core business of YHI, the Group took the bold initiative to venture into alloy wheels manufacturing in 1996. From one production line in Taoyuan Taiwan, we had expanded to 18 manufacturing lines in operation at 4 production sites by 2006.



YHI INTERNATIONAL TAIWAN CO., LTD

TAOYUAN, TAIWAN

Products: Alloy Wheels

Land area: 13,500 m²

Year of Production: 1996

Annual production capacity: 0.2 million

In September 2000, the Group took the bold initiative to invest in a new plant in Shanghai, followed by further expansion in two new alloy wheels manufacturing plants – YHI Advanti Manufacturing (Suzhou) Co., Ltd located in Suzhou, China and YHI Manufacturing (Malaysia) Sdn Bhd located in Sepang, Malaysia – in 2006.

In 2011, the Malacca plant was added to become the fifth production site for the alloy wheel manufacturing, with 0.6 Mill on new capacity added.

To enhance our capability as an integrated ODM, YHI Precision Moulding (Shanghai) Co Ltd was set up in 2004 to manufacture and supply alloy wheels moulds for the manufacturing plants. Through continuous innovation and improvements in production processes, Enkei Corporation has put the Group at the forefront of alloy wheels manufacturing. Our Most Advanced Technology (MAT) is an innovative casting and wheel forming technology that is critical in improving the alloy wheel's material property and strength.

In Malaysia, we completed the sale of our Sepang plant in 2015. With the disposal, the Group's manufacturing

operations were consolidated to our plant in Malacca. The right-sizing of our operations not only enhanced our efficiency but also enabled us to strengthen our balance sheet and conserve resources for tapping future growth opportunities.

In China, we have also moved our precision moulding operations from Shanghai to our manufacturing plant at Suzhou in February 2016. The consolidation will streamline and enable better integration of our production processes, generating greater efficiency and synergies.

With the blueprint success in restructuring in our Malaysia plant, we embarked on similar restructuring plans to consolidate Shanghai manufacturing operation to Suzhou as announced on 17 February 2017 to further reduce operating costs. Shanghai factory ceased operations in December 2016 and the production capacity was moved to Suzhou and Malaysia factories by the end of 2017.

In terms of manufacturing R&D, our Suzhou team has achieved a breakthrough with a new proprietary Dynamic Spinning Technology (DST) launched for the Aftermarket segment in 2014. Based on flow forming technology, the new DST alloy wheels offer increased strength and performance compared to regular cast technology wheels. This new technology has enabled YHI to produce lighter and stronger alloy wheels which will, in turn, lead to lower production costs and enhance the Group's competitiveness.

In 2018, we applied our flow forming technology and infrastructure to all our manufacturing facilities which allows us to cater globally to our international clientele. This also enhances our differentiation and competitive edge.



YHI MANUFACTURING (MALAYSIA) SDN BHD YHI ADVANTI MANUFACTURING (MALAYSIA) SDN BHD MALACCA, MALAYSIA

Products: Alloy Wheels

Land area: 88,000 m²

Year of Production: 2006

Annual production capacity: 0.9 million

OUR QUALITY CERTIFICATES



YHI ADVANTI MANUFACTURING (SUZHOU) CO., LTD SUZHOU, CHINA

Products: Alloy Wheels & Precision Moulding Sets

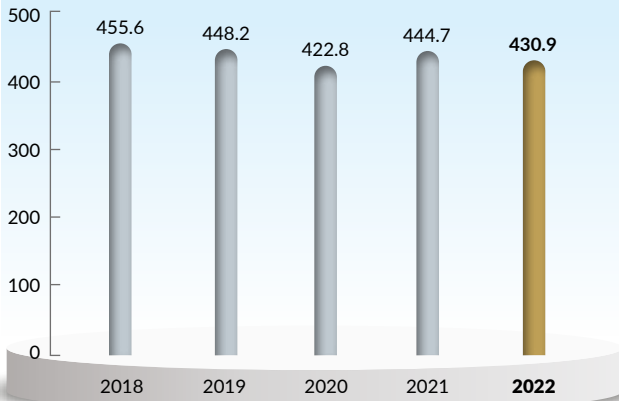
Land area: 75,600 m²

Year of Production: 2006

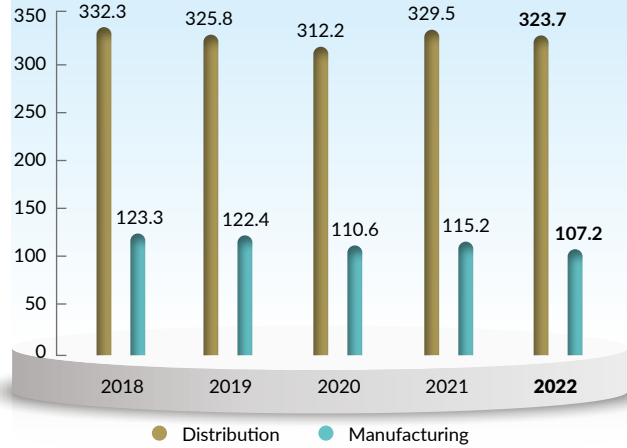
Annual production capacity: 1.2 million + 850 set mould

FIVE-YEAR FINANCIAL HIGHLIGHTS

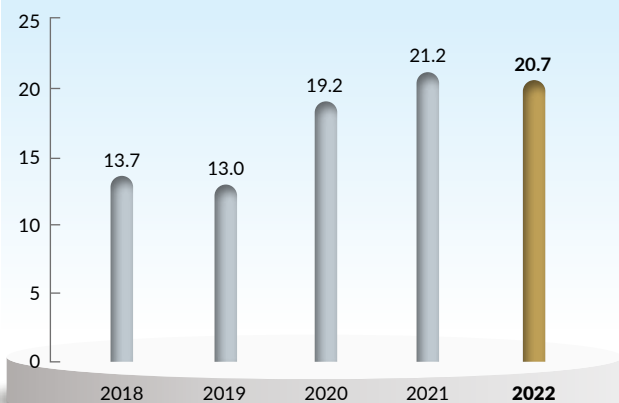
GROUP REVENUE
(S\$ 'million)



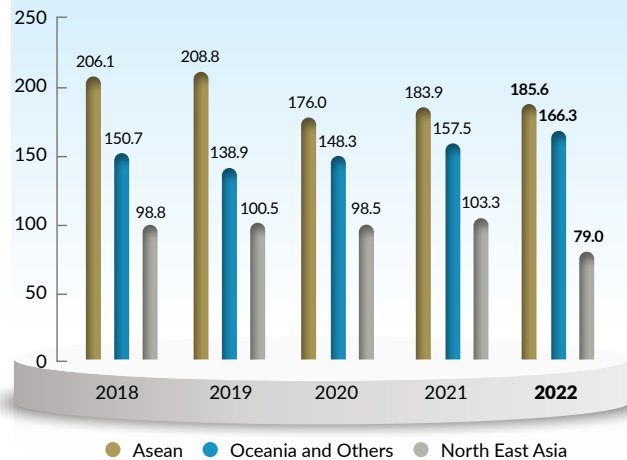
REVENUE BY BUSINESS SEGMENTS
(S\$ 'million)



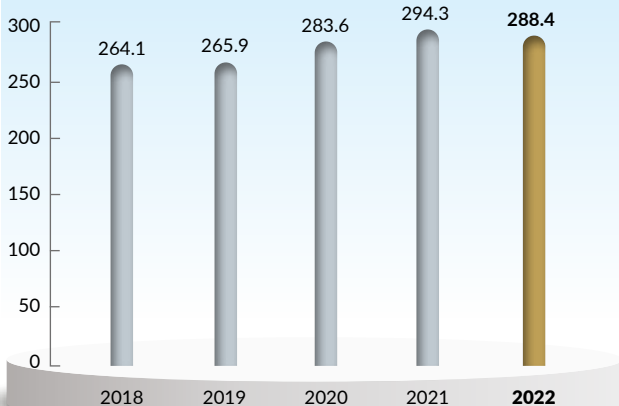
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(S\$ 'million)



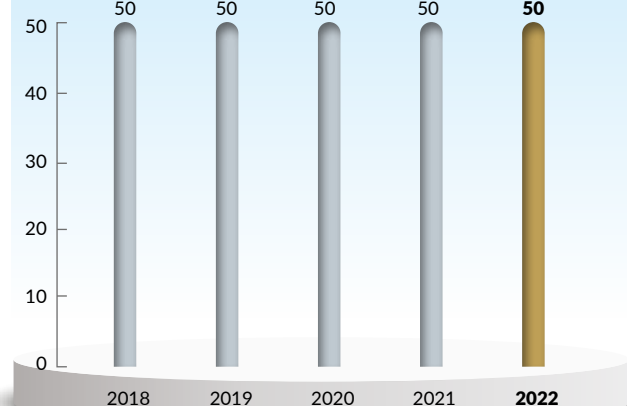
REVENUE BY GEOGRAPHY
(S\$ 'million)



NET ASSETS
(S\$ 'million)



DIVIDEND PAYOUT
(%)



FIVE-YEAR FINANCIAL SUMMARY

RESULTS OF OPERATIONS

FINANCIAL YEAR ENDED 31 DECEMBER	FY2022 S\$ '000	FY2021 S\$ '000	FY2020 S\$ '000	FY2019 S\$ '000	FY2018 S\$ '000
Sales	430,892	444,718	422,795	448,207	455,593
Gross Profit %	22.8	23.8	24.0	21.4	21.4
Profit before income tax	28,437	28,830	25,317	16,221	18,019
Net profit attributable to equity holders of the Company	20,722	21,165	19,155	12,956	13,725
Net Profit %	5.1	5.0	4.6	2.8	3.1
EBITDA	45,814	46,385	44,514	38,074	32,209

FINANCIAL POSITION

AS AT 31 DECEMBER	FY2022 S\$ '000	FY2021 S\$ '000	FY2020 S\$ '000	FY2019 S\$ '000	FY2018 S\$ '000
Current assets	278,526	301,790	267,102	259,694	272,009
Non-current assets	132,634	137,233	138,021	138,878	121,959
Total assets	411,160	439,023	405,123	398,572	393,968
Current liabilities	95,581	113,474	94,242	108,276	119,498
Non-current liabilities	27,190	31,238	27,304	24,433	10,351
Total liabilities	122,771	144,712	121,546	132,709	129,849
Net assets	288,389	294,311	283,577	265,863	264,119
Capital and reserves attributable to equity holders of the Company	280,385	286,289	275,381	255,825	252,940
Non-controlling interests	8,004	8,022	8,196	10,038	11,179
Total equity	288,389	294,311	283,577	265,863	264,119

FINANCIAL INDICATORS

	FY2022	FY2021	FY2020	FY2019	FY2018
Return on shareholders equity (%)	7.4	7.4	7.0	5.1	5.4
Earnings per share (cents)	7.14	7.29	6.57	4.43	4.70
Net asset value per share (cents)	96.55	98.58	94.83	87.52	86.54
Dividend per share (cents)	3.60	3.60	3.30	2.22	2.35
Cash and bank balances (S\$ '000)	60,576	84,854	84,620	56,392	51,102
Net debt to equity ratio (%)	3.4	3.0	NM	15.0	12.8



SETTING THE RIGHT FOCUS

We will forge ahead with the right strategic focus, supported by our proactive collaborative partnerships and strong fundamentals, strengthening our positions across various market segments in the regions where we operate.

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

The year 2022 was indeed very challenging. In the 2021 Annual Report, I had informed that there would be uncertainties and downside risks in 2022. Many of these risks were in fact realised and the severity of some was even beyond our expectations.

A FALTERING GLOBAL ECONOMY

The global economy entered 2022 in a weaker position as the fragile recovery in 2021 was battered by headwinds and faltered. Rising energy prices and supply disruptions in the United States, Europe and emerging markets had stoked higher inflation. China continued to grapple with COVID-19 outbreaks, leading to travel restrictions and lockdowns across the country including key manufacturing and business hubs.

The Russia-Ukraine war which started in February 2022, sent shock waves across the world. It created a severe energy crisis spurring further inflationary pressures and uncertainties, impacting not only Europe but also the world.

Elevated inflation risk has triggered a tightening of global financial conditions. Central banks of major economies such as the US Federal Reserve, European Central Bank and Reserve Bank of Australia undertook several rounds of interest rates hikes in 2022 to curb surging inflation.

“
**A STRONG FINANCIAL FOUNDATION
 IS IMPORTANT IN PROVIDING THE
 NECESSARY RESOURCES AND STRENGTHS
 TO WITHSTAND HEADWINDS AND
 MITIGATE ADVERSITIES. OVER THE YEARS,
 THE GROUP HAS ADHERED TO THE
 “3R” STRATEGY OF REDUCING STOCKS,
 ACCOUNTS RECEIVABLES AND
 OPERATING COSTS.**
 ”

Geopolitical tensions, persistent inflation and higher interest rates, have cast a pall on global markets for automobiles and automotive products including tyres and wheels which constitute the Group's core product offerings.

A YEAR OF TWO HALVES

As a global company with international presence spanning more than 100 countries across the Asia-Pacific, North America and Europe, YHI is invariably affected by the ebbs

CHAIRMAN'S MESSAGE



and flows of global and regional economic and geopolitical trends. In the face of diverse challenges in various markets, the Group has stayed agile and responded to changes in the business environment with decisiveness and adroitness.

The Group has entered 2022 with greater resilience. The growth momentum in 2021 was carried forward into the first half of 2022. Except for China, markets in North America, Europe and the Asia-Pacific had relaxed pandemic restrictions and adjusted to living with COVID-19. The emerging positive market conditions have driven demand for the Group's tyres, energy and other industrial products and solutions. The Group was able to take advantage of the improved business and consumer sentiments to strengthen its international networks and ramp up its sales and marketing efforts.

Riding on the momentum, the Group's performance for 1HFY2022 was comparable to the same period in FY2021. Contribution by the distribution business remained robust in ASEAN, Oceania and USA. With the lifting of travel restrictions, people are driving more in big markets like North America, Australia and New Zealand, necessitating more frequent replacement of tyres and batteries.

The Group's alloy wheel manufacturing activities in Malaysia and Taiwan also turned in steady performances, recording 9.1% increase in revenue in 1HFY2022, offsetting the slowdown in the China business due to COVID-19 restrictions.

The second half of FY2022 saw a deterioration in the macro-economic environment. The impact of the Ukraine war has spilled over from Europe and gradually reverberated to the rest of the world. Inflation has broadened in many major global economies, reflecting the impact of rising food and energy prices and disruptions to energy supply and

manufacturing value chains. Amid COVID-19 outbreaks and lockdowns, China's slowdown was worse than expected.

The downturn was particularly sharp in the fourth quarter, due to the convergence of disruption of energy supply and surge in energy prices resulting in higher prices for electricity and a wide range of daily necessities from food to petrol and healthcare. Consequently, confidence and purchasing power of consumers were low, affecting the consumption of goods and services.

The Group's distribution and manufacturing businesses were unavoidably affected in 2HFY2022 by the worsening macro-economic trends. In particular, wheel manufacturing decreased by 25.6% to \$39.7 million in 2HFY2022 from \$53.4 million in the same period the year before. As about 35% of the Group's alloy wheels are exported to Europe, the sharp fall in demand for wheels in the EU has curtailed the Group's wheel manufacturing drastically.

A SUSTAINABLE PERFORMANCE

Given the very challenging operating environment, aggravated by geopolitical tensions and financial markets volatility, the Group has done reasonably well in FY2022. It was a sustainable performance, a testament to the Group's astute strategies, robust fundamentals and operational excellence.

The Group was able to deliver net profit attributable to equity holders of the Company amounting to \$20.7 million in FY2022. It was a decline of 2.1% compared to \$21.2 million in the previous year. However, putting the decline in its proper perspective, this year's profit was a significant improvement over the results in the pre-pandemic years. The Group's ability to maintain a steady upward trajectory in profitability underpins the sustainability of the business over the long-term.

Revenue for FY2022 came in at \$430.9 million, 3.1% lower than the \$444.7 million achieved the year before. The decline was attributed to lower sales recorded by both the distribution and manufacturing businesses. The distribution business, which accounted for 75.1% of total revenue, was impacted by lower sales of tyres, particularly in China and Malaysia. The COVID-19 outbreaks and subsequent lockdowns restricting the movement of people in key cities in China have dampened tyres sales. In Malaysia, the sale of 51% share capital of Yokohama Tyre Sales Malaysia Sdn Bhd ("YTSM") was completed in January 2022. As a result, the revenue of Yokohama brand of tyres in Malaysia was no longer consolidated in the Group's financial statement in FY2022. The lower sales in tyres were however cushioned by higher sales in the wheels and energy distribution

CHAIRMAN'S MESSAGE

businesses. Manufacturing sales were impacted by sharp drop in demand for alloy wheels in Europe and weak demand in Asia-Pacific.

In line with lower sales, gross profit decreased by 7.3% year-on-year to \$98.2 million from \$105.8 million in FY2021 due to weaker sales in the distribution of tyres. Gross profit margins were lower in FY2022, decreasing to 22.8% from 23.8% in FY2021. This was attributed by lower GP margins of tyres and energy distribution businesses due to challenging market conditions. While revenue from energy and other industrial products improved, particularly in ASEAN, the margins for these businesses remained depressed as the Group was investing in resources to expand marketing and sales networks.

On balance, the Group's overall financial performance in FY2022, while not as good as the previous year, reflects deep foundational strengths and resilience which have been built over many years of unrelenting pursuit of operations and manufacturing excellence. The Group's focus on diversifying revenue streams and building brands beyond the core tyres and wheel businesses is paying off. Revenue for our energy solutions segment comprising an extensive range of rechargeable batteries for commercial and industrial use reached \$124.7 million in FY2022, exceeding \$107.2 million for alloy wheel manufacturing. This significant milestone is a testament of the Group's success in implementing a multi-product, multi-brand, multi-category ("3M") growth strategy. In addition to a more diverse offering of products and services, the Group is also making inroads into new non-traditional markets as well as developing a deeper presence in existing markets in ASEAN.

A HEALTHY BALANCE SHEET

The Group maintains an unwavering focus on maintaining a healthy balance sheet. A strong financial foundation is important in providing the necessary resources and strengths to withstand headwinds and mitigate adversities. Over the years, the Group has adhered to the "3R" strategy of reducing stocks, accounts receivables and operating costs. This strategy has strengthened the Group's financial position and enhanced its resilience.

In FY2022, net cash flow of \$16.1 million was generated from operating activities. As at 31 December 2022, cash and cash equivalents stood at \$60.6 million compared to \$83.6 million as at the end of last year. Net assets attributable to shareholders stood at S\$288.4 million, which, based on 290.4 million shares in issue, translate to a net asset value per share of 96.55 cents. The Group's net gearing ratio was 3.4% as at 31 December 2022.

A CLOUDY OUTLOOK

The outlook for 2023 provided by various international financial agencies is cloudy. The World Economic Outlook published by the International Monetary Fund (IMF) forecast that global growth is expected to fall from 3.4% in 2022 to 2.9% in 2023.¹ The IMF notes that downside risks remain as the war in Ukraine could further escalate, inflation continues to require tight monetary policies and China's recovery from Covid-19 disruptions remains fragile.

The World Bank in its Global Economic Prospects projected a sharp, long-lasting slowdown, with global growth declining to 1.7 percent in 2023.² The deterioration is broad-based,



CHAIRMAN'S MESSAGE

in virtually all regions of the world and per-capita income growth will be slower than it was during the decade before COVID-19.

The Singapore Ministry of Trade and Industry ("MTI") projected an uneven economic growth outlook for Singapore, maintaining 2023 GDP forecast at 0.5% to 2.5%.³ Singapore's external demand outlook for 2023 has "improved slightly" but outlook for Western economies remains weak because of tight financial conditions, which will weigh on consumption and investment spending.

The outlook for the Group in FY2023 is uncertain. The balance of risks remains tilted to the downside. Recession in the US and Europe is a distinct possibility. The scope and duration of the recession will have negative and uncertain impact on the demand for tyres and wheels. Persistent and elevated inflation and interest rates will impact the cost of capital and weigh on the Group's financial performance. There is no certainty on the outcome of the Ukraine war and the wider repercussions creating risks for which the Group has and will continue to make contingency plans to cope with any eventuality.

A SILVER LINING IN THE HORIZON

Even as dark clouds hover over the current operating environment, there is a silver lining in the horizon. The IMF reported that inflation, though remaining elevated, appeared to have peaked in 2022. It also stated that the global slowdown is less pronounced than previously anticipated due to greater-than-expected resilience in many economies. The Monetary Authority of Singapore ("MAS") reported that core inflation in Singapore is expected to ease in 2H 2023 and the global economy is likely to experience a shallow downturn.⁴

For YHI, despite the severe challenges, 2022 has also thrown up some positive developments. Revenue from energy solutions and other industrial products segments has seen positive improvement in FY2022, attesting to the success of the Group's product and income diversification strategy. The Group's businesses in Vietnam and the Philippines have made higher contributions to profits, reaping the benefits of astute investments in these markets.

The Group's battery, solar panel and lubricant products are gaining traction in many ASEAN markets. The enormous potential of Indonesia, Vietnam, the Philippines and the region became apparent as the Group accelerated investments in these markets. Going forward, the Group will leverage its knowledge of the region and extensive business networks to expand its presence in the high-growth markets.

The pandemic has thrown a sharper focus on the need to diversify markets and revenue streams in order to enhance resilience. On this note, the Group will step out of the comfort zone and explore opportunities beyond traditional markets in places like South Asia, Middle East and Africa. This strategy will not only burnish the Group's reputation as a global company but also fortify a geographically diversified and more resilient business.

AN UNWAVERING COMMITMENT

The Group has an unwavering commitment to share the fruits of success with shareholders. The Board is recommending a first and final tax-exempt dividend of 3.60 cents per ordinary share for FY2022, subject to approval at the Group's forthcoming Annual General Meeting. This represents a dividend yield of 7.2% based on the closing share price of \$0.495 as at the last practicable date before the printing of this report. The total dividend to be paid out will amount to 50% of our net profit, demonstrating the Group's commitment to returning value to shareholders and an appreciation of their continued support, even during trying times.

A DEEP APPRECIATION

On behalf of the Board of Directors, I would like to extend our heartfelt appreciation to our partners, customers and shareholders for their undeviating support during the challenging year. I would also like to express my thanks to the management and staff for another year of hard work and dedication. I would personally like to thank the Board of Directors for their insights and advice. While the year ahead seems daunting, I believe that together we can overcome the adversities and emerge stronger than before.

RICHARD TAY

Executive Chairman & Group Managing Director

Reference:

¹ World Economic Outlook Update, January 2023, International Monetary Fund

² Global Economic Prospects, January 2023, World Bank

³ Press Release, 13 February 2023, "MTI Maintains 2023 GDP Growth Forecast at "0.5 to 2.5 Per Cent"", Ministry of Trade and Industry

⁴ Recent Economic Developments, 17 February 2023, Monetary Authority of Singapore

董事长献词

亲爱的股东们，

2022年是极具挑战的一年。在2021年度报告中，我提到2022年全球环境的不确定性和经济下滑的诸多风险。许多风险已实现且其中一些风险的严重程度已超出了我们的预期。

步履蹒跚的全球经济

2021年经济复苏受到不利因素打击而蹒跚前行，致使进入2022年，全球经济处于薄弱的态势。在美国、欧洲和新兴市场，能源价格的上升和供应链的中断加剧了通货膨胀。在中国，新冠疫情导致了全国范围内的旅行受限和封锁，这也累及到主要的生产和商业中心，始于2022年2月的俄乌战争给世界经济造成了严重的冲击。它造成的严重能源危机，进一步加速了通货膨胀压力和经济环境的不确定性，不仅影响了整个欧洲甚至殃及全球。

通货膨胀风险引发了全球金融状况收紧。美国联邦储备委员会，欧洲中央银行和澳大利亚储备银行等主要经济体的央行，在2022年进行了多轮加息以遏制通货膨胀飙升。

政治的紧张局势，通货膨胀和较高利率给全球的汽车和汽车产品市场蒙上了一层阴影；受影响的产品也包括我们集团核心业务产品：轮胎和轮毂。

上下半年回顾

作为一家全球性公司，友发国际业务遍布亚太、北美和欧洲100多个国家，不可避免受到全球和区域政治和经济起伏变化的影响。面对每个市场的各种挑战，集团审时度势，果断和机敏地应对业务环境的变化。

集团凭借更强的韧性进入2022年。2021年的增长势头一直延续到2022年上半年。除中国外，北美、欧洲和亚太地区的市场已经放宽了对疫情的限制，采取调整政策与新冠共存的方式。一些新兴的市场环境积极地推动了人们对友发轮胎、能源和其他工业产品的需求。集团通过充分利用市场和消费者购买意愿的崛起来巩固其国际网络，增加销售量，加强市场营销力度。

乘势而上，集团2022年上半财年的表现与2021财年同期相当。批发业务在东盟、大洋洲和美国的表現依然强劲。随着政府对旅行限制的解除，人们在北美、澳大利亚和新西兰等大市场用车越来越多，因此需要更频繁地更换轮胎和电池。

马来西亚和台湾两家工厂的轮毂制造业务也表现稳定，2022年上半财年收入增长9.1%，弥补了中国工厂因新冠疫情限制政策对业务造成的影响。

2022年下半财年，宏观经济环境恶化。乌克兰战争的影响已经从欧洲蔓延开来，并逐渐波及世界其他地区。通货膨胀在全球许多主要经济体传播扩散，导致了食品和能源价格上涨，以及能源供应和制造业价值链的中断。在新冠疫情爆发和封锁期间，中国经济的放缓程度比预期更严重。

第四季度的下滑特别严重，这是由于在能源供应中断和价格飙升的双重打压下，电力，以及从食品到汽油和医疗保健的



各种日用品价格上涨。因此，消费者的信心受到打击，其购买力下降，影响了商品和服务的消费。

集团的批发及制造业务在2022年下半年不可避免地受到经济恶化的影响。特别是，轮毂制造从去年同期的5,340万元下降25.6%至2022年下半年的3,970万元。由于集团约35%的轮毂出口到欧洲，而欧盟对轮毂的需求锐减，从而大幅削减了集团在轮毂制造这一块的业务。

可持续的业绩表现

虽然面临极具挑战性的经营环境，加上政治紧张局势和金融市场波动加剧，集团在2022财政年度表现还是相当不错。这是一个可持续的业绩表现，证明了集团精明的战略、稳健的基本面和卓越的运营。

2022财政年度，集团归属于公司股东净利润达2,070万元。与前面一年净利润2,120万元相比下降了2.1%。然而，从正确的角度来看，2022年的利润比疫情大流行前有了显著提升。集团具有保持业务稳定上升的盈利能力，这为业务的长期可持续发展奠定了基础。

2022财年的营业收入为4.309亿元，比去年4.447亿元下降3.1%。这是由于批发和制造业务的销售下降造成的。批发业务占总收入的75.1%，受到轮胎销售下降的影响，特别是在中国和马来西亚市场影响尤为显著。新冠疫情的爆发和随后中国主要城市人员流动的封锁限制抑制了轮胎销售。2022年1月，集团完成出售横滨轮胎销售马来西亚私人有限公司

董事长献词

（“YTSM”）的51%股本。因此，横滨品牌轮胎在马来西亚的收入不再计入到集团2022财年的财务报表中。然而，轮胎销售额的下降被轮毂和能源批发业务的销售额增长所抵消。集团制造业部分的销售额受到欧洲轮毂需求大幅下降，以及亚太地区需求疲软的影响。

由于轮胎批发业务疲软，销售下降，2022财年的毛利从2021年的1.058亿元同比下降7.3%至9,820万元。2022年的毛利率也较低，从2021财年的23.8%降至22.8%。这是由于充满挑战的市场条件导致轮胎和能源批发业务的毛利润率的下降。能源及工业产品的收入有所改善，特别是在东盟市场，但由于集团正在进一步投资以扩大营销和销售网络，因此这些业务的利润率微薄。

总的来说，集团2022年的整体财务表现虽然不及上一年，但也反映出了集团多年来不懈追求卓越运营和制造所建立的深厚基础实力和韧性。集团专注于多元化，在轮胎和轮毂两大核心业务之外建立品牌，这些举措正在取得回报。2022财年，我们的能源与工业产品部门，包括用于商业和工业的多种可充电电池的收入达到1.247亿元，超过轮毂制造的1.072亿元。这一重要里程碑证明了集团在实施多产品、多品牌、多类别（“3M”）增战略方面取得的成功。除了提供更多元化的产品和服务外，集团还进军新的非传统市场，并在东盟现有市场发展更深层次的业务。

健康的资产负债表

集团始终致力保持健康的资产负债表。强大的财务基础在抵御逆风和缓解逆境时能提供必要的资源和优势，是非常重要的。多年来，本集团坚持减少库存、降低应收账款及缩减运营成本“3R”策略。这一策略加强了集团的财务状况，增强了抵御风险的韧性。

2022财年，经营活动产生的现金流量净额为1,610万元。截至2022年12月31日，现金流为6,060万元；去年年底该项金额为8,360万元。归属于股东的净资产为2.884亿元，基于已发行的2.904亿股，每股资产净值为96.55分。截至2022年12月31日，集团的净杠杆比率为3.4%。

不明朗的前景

各国际金融机构提供的2023年前景预测并不明朗。国际货币基金组织（IMF）发表的《世界经济展望》预测，全球经济增长预计将从2022年的3.4%下降到2023年的2.9%。¹ 国际货币基金组织指出：随着乌克兰战争可能进一步升级，紧缩货币政策仍将继续以缓解通货膨胀，中国经济将从新冠疫情中断中恢复，但仍然脆弱，经济下行风险仍然存在。

世界银行在其《全球经济展望》中预测：全球经济增速将大幅、长期放缓，并预计2023年全球经济增长率将降至1.7%。² 这种恶化是具有传播性的，会累及到世界几乎所有地区，人均收入增长将低于新冠之前的十年。



董事长献词



新加坡贸工部(“MTI”)预计新加坡经济增长前景不均衡,将2023年GDP预测维持在0.5%至2.5%。³新加坡2023年的外部需求前景“略有改善”,但由于紧缩的金融环境,西方经济体的前景仍然疲软,这将拖累消费和投资支出。

集团2023财年的前景并不明朗。风险天平仍然倾向于下行。美国和欧洲经济衰退的可能性很大。经济衰退的范围和持续时间将对轮胎和轮毂的需求产生负面和不确定的影响。持续及居高不下的通货膨胀及利率将影响资本成本,并对集团的财务业绩造成压力。乌克兰战争的结果以及更深层的影响尚不确定,集团已经并时刻准备制定应急计划以应对任何可能发生的风险。

地平线上的一线曙光

即使乌云笼罩着当前的运营环境,我们仍然看到一线曙光。国际货币基金组织报告称:通货膨胀率虽然居高不下,但似乎已在2022年达到顶峰。它还指出,由于许多经济体的韧性高于预期,全球经济放缓不如先前预期的那么明显。新加坡金融管理局(“MAS”)报告称:新加坡的核心通货膨胀预计将在2023年下半年有所缓解,全球经济可能会经历轻微下滑。⁴

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- ² 世界银行《全球经济展望》,2023年1月,
- ³ 贸易和工业部新闻稿,2023年2月13日,“MTI预测2023年GDP增长维持在”0.5%至2.5%“”,
- ⁴ 新加坡金融管理局《近期经济发展》,2023年2月17日,

对于友发来说,尽管面临严峻的挑战,但2022年迎来了一些积极的发展。能源与工业产品的收入于2022财年取得正增长,证明集团的产品和收入多元化战略取得了成功。集团在越南和菲律宾的业务取得了更高的利润,表明集团之前的投资是英明的,并已经取得收益。

集团的电池、太阳能电池板和润滑油产品在许多东盟市场越来越受欢迎。随着集团加快对印尼、越南、菲律宾这些市场的投资,该地区的巨大潜力得以显现出来。展望未来,集团将利用自身对这些地区的了解和广泛的业务网络,扩大在这些高潜力市场的影响力。

这场大疫情使人们更加关注市场和收入来源多元化的必要性,以增强企业自身的韧性。在这一点上,集团将走出舒适区,在南亚、中东和非洲等地探索传统市场以外的商机。这一战略不仅将提升集团作为全球性公司的声誉,还将加强地区多元化,使得业务更具弹性。

坚定不移的承诺

集团始终坚定不移地承诺与股东分享成果。董事会提议在2022财年派发每股普通股3.60分的最终股息,但该提议须经集团即将召开的年度股东大会批准。这意味着股息收益率为7.2%,基于本年度报告发行前最后可行日期的收市股价为\$0.495。将派发的总股息将达到我们净利润的50%,这表明集团一如既往致力于回报股东,以此感谢他们对友发持续的支持,即使是在艰难的时期也是如此。

深切的感谢

我谨代表董事会衷心感谢我们的合作伙伴、客户和股东在充满挑战的一年中给予的坚定支持。我还要感谢管理层和工作人员又一年的辛勤工作和奉献。我个人要感谢董事会的见解和建议。虽然未来的一年看似艰巨,但我相信,我们可以一起携手战胜逆境,打造一个更加强大的友发。

执行主席兼集团董事总经理

郑添和

BUSINESS REVIEW

BUSINESS REVIEW

The global macro-economic outlook took a turn for the worse towards the end of 2022 as multiple risks began to materialise. The world economy was hit by several shocks including surging inflation which triggered tighter financial conditions, slowdown in China due to COVID-19 outbreaks and the impact of the war in Ukraine. The economic slowdown caused consumer confidence to be depressed, resulting in decreased consumption of goods and services.

Under these adverse conditions, the Group's operations which were beginning to return to normalcy in 2021, were unavoidably disrupted. The Group's core distribution and manufacturing businesses saw reduced revenue in FY2022. With their purchasing power diminished by inflation and higher prices for essential necessities, consumers were putting off purchases of automotive products, especially wheels which were deemed as discretionary. COVID-19-related restrictions and lockdowns in key markets like China have also affected demand for tyres.

GEOGRAPHIC AND SEGMENTAL PERFORMANCE

The Group operates in more than 100 countries through more than 32 subsidiaries and 3 associated companies across Asia-Pacific, North America and Europe. We have manufacturing facilities in China, Taiwan and Malaysia providing integrated service from design conception and development to manufacturing, marketing and distribution of final products.

The Group's business segments comprise manufacturing of alloy wheels as an Original Design Manufacturer (ODM), the distribution of tyres, other automotive products, energy

solutions such as commercial and industrial batteries, electric buggies, utility vehicles; and industrial products like solar panels, chargers, inverters and lubricants.

In terms of revenue, ASEAN maintained its position as the biggest market accounting for 43.1% of Group revenue. Oceania comprising mainly Australia and New Zealand was second contributing 33.4%. This was followed by North East Asia accounting for 18.3% and USA, 5.2%.

As the biggest business segment, sales of tyres contribute 36.4% of total revenue in FY2022. Revenue from the energy solutions segment accounted for 28.9% of revenue exceeding 24.9% for wheels manufacturing sales for the first time. Revenue from the distribution of wheels accounted for the remaining 9.8% of Group revenue.

DISTRIBUTION BUSINESS

The distribution business continues to be the key growth engine, driving the Group to sustainable growth. Over the years, the Group has steadily built and expanded the portfolio of products represented by 45 established brands. In addition to leading global brands, the Group also markets and distributes its own proprietary brands such as Advanti Racing alloy wheels, Neuton Power batteries and Neuton Power electric buggies.

The distribution business is increasingly contributing a bigger share of Group revenue. For FY2022, distribution revenue reached \$323.7 million accounting for 75.1% of total revenue, compared to its 74.1% share in FY2021. This could be attributed to a strengthening of distribution networks, broadening of customer base and improved performance in the energy solutions segment. The revenue



BUSINESS REVIEW

of this segment reached \$124.7 million in FY2022 compared to \$115.7 million in the prior year period, an improvement of 7.7%. The upward trajectory is expected to continue as the Group explores new markets in ASEAN and beyond.

The tyre segment continues to be the mainstay of the distribution business, accounting for 48.4% of the distribution revenue. The tyre brands that the Group carries include Yokohama, Pirelli, Continental, Nitto, Toyo and Nankang, meeting the needs of various niche markets. The energy solutions segment comprising batteries, lubricants, solar panels, chargers, inverters and UPS include brands like Trojan, Vision, Amaron, Rocket, FIAMM, C&D Technologies, U.S. Battery, Panasonic, Elf, delta-q, Eaton and Trinasolar. The revenue from this segment grew 7.7% year-on-year to \$124.7 million, accounting for 38.5% of distribution revenue. The wheels segment contributed \$42.4 million or 13.1% to distribution revenue, an increase of 6.9% compared to FY2021, attributed mainly to increased demand in Australia.

Within the distribution business, Oceania, comprising mainly Australia and New Zealand, has surpassed ASEAN as the biggest market in FY2022. This market delivered positive growth of 4.8% from \$137.5 million in FY2021 to \$144.0 million in FY2022 due to the Group's success in emerging stronger from the pandemic by strengthening distribution networks, increasing marketing efforts, expanding the customer base and capitalising on increased demand for its products across the board arising from the easing of travel restrictions. The USA market also achieved positive growth 11.3% from \$20.0 million in FY2021 to \$22.3 million in FY2022. The ASEAN market recorded revenue of \$138.4 million, down 3.9% from \$144.1 million in FY2021 mainly due to lower tyre sales in Malaysia as a result of the sale of 51% share capital of Yokohama Tyre Sales Malaysia Sdn Bhd ("YTSM") in January 2022. North East Asia experienced the sharpest drop in distribution revenue of 32.0% to \$19.0 million in FY2022, due largely to COVID-19 disruptions in China resulting in sharp decline in demand for tyres.

MANUFACTURING BUSINESS

The Group's manufacturing business is anchored on its capabilities as an ODM, providing a seamless value chain from design and development, manufacturing, marketing to distribution and sales of alloy wheels through an extensive global network. The Group has manufacturing facilities in China, Malaysia and Taiwan with a total production capacity of 2.6 million units per annum. The Group leverages its proprietary Dynamic Spinning Technology (DST) for the production of alloy wheels designed for increased strength and performance and lower production costs resulting in greater value proposition and competitiveness.



Manufacturing business accounted for 24.9% of Group's FY2022 total turnover, contributing \$107.2 million in revenue, a decline of 7.0% from \$115.2 million in FY2021. The decline could be attributed to production disruptions in China due to extended periods of COVID-19-induced lockdowns and a drastic drop in demand for alloy wheels in Europe as a result of the war in Ukraine.

The combined revenue of our manufacturing plants in China and Taiwan in FY2022 was \$60.0 million, a 20.4% decline from the previous year. It represented 56.0% of manufacturing revenue. ASEAN contributed \$47.1 million or 44.0% to manufacturing revenue in FY2022, an increase of 18.4% in FY2021. The increased share of manufacturing revenue by ASEAN reflects the continuing shift of production from Suzhou to the Malacca plant, capitalising on the advantage of Malaysia's tariff-free access to major markets such as the US and Europe.

Going forward, the Group's strategy is to optimise the respective strengths and competitive advantages of its operations in Suzhou and Malacca to produce a broad range of alloy wheels to meet the needs of diverse and niche markets. The plant in Malacca will scale up mass volume production so as to reap the benefits of economies of scale and other commercial advantages. The Suzhou plant will continue to focus on leveraging its most advanced manufacturing (MAT) and DST capabilities to design and produce high-end wheels customised for specific market segments. These premium products which can command higher margins are mainly exported to markets in the US and Europe where consumers have higher purchasing power and a preference for high-performance alloy wheels coupled with aesthetically-appealing design.

BUSINESS REVIEW



BUSINESS OUTLOOK

The macroeconomic outlook is cloudy. The global economic and geopolitical situation is still volatile. 2022 was a roller coaster year. The possibility that 2023 will remain the same cannot be discounted. There are many uncertainties that present downside risks for business. Nobody can predict the outcome of the war in Ukraine, reinforcing the uncertainty about inflation, energy prices, high interest rates, international trade and their impact on household income and consumer confidence.

Given all the uncertainties in the operating environment, the Group will adopt a cautious outlook to its business in FY2023. While external threats are inevitable and unpredictable, the Group will stay alert in monitoring risks and will implement measures to strengthen its resilience and stay agile to navigate the volatile environment with prudence and decisiveness.

Notwithstanding the challenges facing the automotive industry, global light vehicle sales are starting to rally and are estimated to have grown 3.5% year-on-year in 2022.¹ Electric vehicles and hybrids were seen to be leading the charge. The US light vehicle market is projected to grow by 10% in 2023 with total sales of more than 14.5 million vehicles. The European market is also expected to grow by double-digit during 2023 with overall sales exceeding 13 million vehicles. In China light vehicle sales are expected to hit 26 million in 2023 with electric vehicles seeing a 20% growth with about 6.2 million units in sales.

The increasing production of vehicles around the world is expected to drive the automotive tyre and wheel markets. The global automotive tyre market is expected to grow from

US\$125.9 billion on 2022 to US\$134.4 billion in 2023 at a compounded annual growth rate (CAGR) of 6.8%.²

According to market research company, Research Dive, the global alloy wheel market size reached US\$17.6 billion in 2021 and is expected to grow with a CAGR of 6.2% to 31.6 million in 2031.³

The Group has and will continue to focus on the long term. Underpinned by strong fundamentals and experience in overcoming diverse past challenges, the Group has the capabilities and the means to ride the current adversities and position itself to capitalise on opportunities presented by the transformation in the automotive market. In addition, the Group has a diversified product range providing differentiated platforms to drive growth. Besides tyres and wheels, the Group's offerings in the energy solutions and industrial products segments provide enormous opportunities for growth. Batteries, solar panels, lubricants are some of the products that have huge potential to drive the Group to the next level. For example, the Group which began marketing the Elf brand of lubricants in two ASEAN jurisdictions two years ago has been building marketing networks and infrastructure in another four markets in the region. The investments are beginning to gain traction with the response so far being positive. The diverse product range also provides many opportunities for cross-selling of products and solutions which will further diversify and stabilise the Group's revenue streams.

While the near-term challenges will test its resilience and strength, the Group is focused on the future. It is looking beyond the present and transforming its operations to build a sustainable business and create stable long-term value for stakeholders.

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SHARPENING OUR STRATEGY

We have built a resilient business model that leverages our diverse competitive edges, providing a solid platform to unlock and seize growth opportunities.



FINANCIAL REVIEW

FINANCIAL REVIEW

Financial year 2022 was a tumultuous year marked by economic uncertainties arising from supply chain disruptions, soaring energy prices and high interest rates to the COVID-19 pandemic. The industry is also evolving where emerging technologies like electric and autonomous vehicles are transforming the industry, creating opportunities and challenges for all industry players.

The Group's financial performance for FY2022 had remained resilient despite the challenging business environment and macro-economic conditions reflecting the Group's vigilance and adaptability in navigating the uncertain economic landscape.

GROUP REVENUE

Distribution business, accounting for 75.1% of the Group's total turnover, recorded a decrease of 1.7% (or \$5.8 million) in turnover, from \$329.5 million (FY2021) to \$323.7 million (FY2022) mainly due to lower sales from our tyre business in Malaysia and China cushioned by higher sales from our wheels and energy distribution businesses. Our wheel manufacturing business, accounting for 24.9% of the Group's total turnover, recorded a decrease of 7.0% (or \$8.0 million) in turnover from \$115.2 million (FY2021) to \$107.2 million (FY2022), contributed mainly by our Taiwan and China factories.

A review of the Group's turnover by geographical markets of ASEAN, North East Asia, Oceania and others contributed 43.1%, 18.3%, 33.4% and 5.2% respectively. The turnover in ASEAN our largest revenue contributor, increased by 0.9% to \$185.6 million mainly due to higher revenue reported in Singapore, Indonesia, Vietnam, Philippines offset by lower revenue recorded in Malaysia. The turnover in North East Asia decreased by 23.5% to \$79.0 million mainly due to lower revenue from Hong Kong, China and Taiwan. The turnover in Oceania increased by 4.8% to \$144.0 million due to higher revenue reported in New Zealand and Australia. Lastly, the turnover in others, Pan-mar Corporation D/B/A Konig (American), increased by 11.3% to \$22.3 million.

GROSS PROFIT

Gross Profit decreased by 7.3% (or \$7.6 million) to \$98.2 million (FY2022) from \$105.8 million (FY2021) mainly due to lower sales from our tyre distribution business. Gross profit margin decreased to 22.8% in FY2022 from 23.8% in FY2021 mainly due to purchase and supply chain inflationary pressures experienced by our tyre and energy distribution business.

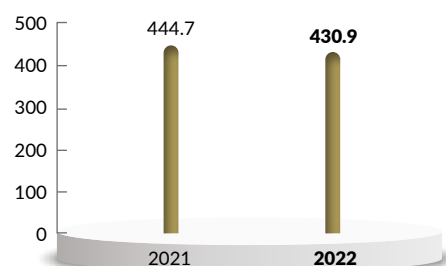
OTHER GAINS

Other gains increased by 80.7% (or \$6.3 million) to \$14.1 million (FY2022) from \$7.8 million (FY2021) mainly due to gain of about \$5.7 million on disposal of 51% shareholdings in Yokohama Tyre Sales Malaysia Sdn Bhd ("YTSM") and the fair value gain on the 49% interest retained by the Group.

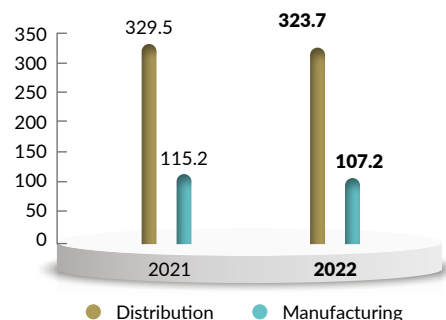
OPERATING EXPENSES

The Group's total operating expenses decreased by 0.1% (or \$0.1 million) to \$88.0 million in FY2022 compared to \$88.1 million in FY2021. Operating expenses to sales ratio decreased to 20.4% from 19.8% in FY2021.

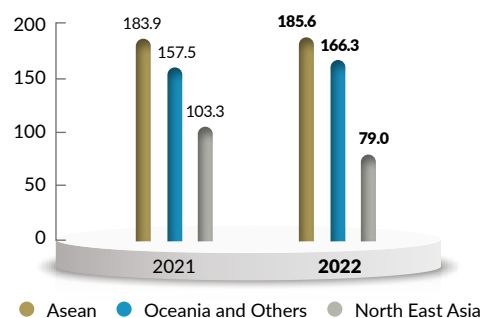
GROUP REVENUE (S\$ 'million)



REVENUE BY BUSINESS SEGMENTS (S\$ 'million)



REVENUE BY GEOGRAPHY (S\$ 'million)



Distribution expenses decreased by 5.0% (or \$2.1 million) in FY2022 to \$39.4 million compared to \$41.5 million in FY2021 mainly due to lower staff related costs and sales & advertising promotion expenses in line with lower sales.

Administrative expenses decreased by 4.6% (or \$2.0 million) in FY2022 to \$42.0 million compared to \$44.0 million in FY2021 mainly lowered by foreign exchange gain in FY2022.

Financing costs increased by 20.3% (or \$0.5 million) in FY2022 to \$3.3 million compared to \$2.8 million in FY2021 as a direct reflection of the increased in interest cost of the Group's short-term working capital borrowings in the current rising interest rate environment.

FINANCIAL REVIEW

SHARE OF PROFIT OF ASSOCIATED COMPANIES

Our share of profit from associated companies increased by 26.7% (or \$0.9 million) to \$4.2 million in FY2022 as compared to \$3.3 million in FY2021 mainly due to contribution from YTSM upon completion of the disposal of 51% shareholdings in YTSM.

NET PROFIT AFTER TAX AND NON-CONTROLLING INTEREST

Net profit after tax and non-controlling interests attributable to shareholders of the Company decreased by 2.1% (or \$0.5 million) to \$20.7 million in FY2022 from \$21.2 million in FY2021 mainly due to the lower operating income from both distribution and manufacturing businesses cushioned by increased contributions from our associates and an one-off gain on disposal of 51% shareholdings of YTSM during the year.

BALANCE SHEET REVIEW

The Group continues to maintain a healthy financial position and focus on building its core strategies and business fundamentals.

As at 31 December 2022, total assets amounted to about \$411.1 million comprising \$278.5 million of current assets and \$132.6 million of non-current assets. Total liabilities amounted to about \$122.8 million comprising current liabilities of \$95.6 million and non-current liabilities of \$27.2 million. Shareholders' equity including non-controlling interests amounted to \$288.4 million. Shareholders' equity excluding non-controlling interests amounted to \$280.4 million, giving a net assets value of 96.55 Singapore cents per share.

The Group's net working capital decreased to \$182.9 million from \$188.3 million in FY2021 with current ratio at 2.9 and cash and cash equivalent of \$60.6 million as at 31 December 2022.

Trade and other receivables decreased to \$82.6 million from \$85.3 million in FY2021 in line with lower sales. Debtors Turnover remains at 70 days in FY2022, same as FY2021.

Inventories increased from \$128.9 million to \$135.4 million, and Inventory Turnover increased to 148 days from 139 days in FY2021 mainly due to higher purchases to mitigate supply chain disruptions and uncertainty of shipment dates.

Disposal group held for sale relates to the business transfer agreement between YHI Malaysia Sdn Bhd and YTSM for the sales of its plant, equipment and inventories to YTSM as part of the disposal of 51% shareholdings in YTSM. The sale of the disposal group was completed in January 2022 and consequently the assets of the disposal group decreased from \$2.7 million to zero during the year.

Investment in associated company increased from \$22.8 million to \$27.4 million mainly due to the recognition of YTSM as an associated company pursuant to completion of the sale of 51% of our shareholdings in YTSM to Yokohama Rubber Co. Ltd during the year.

Property, plant and equipment decreased to \$59.0 million from \$64.6 million in FY2021 mainly due to depreciation charged offset by capital expenditure incurred of about

\$6.0 million during the year mainly on equipment, plant & machinery and motor vehicles. In addition, there are ongoing system software enhancements within the Group to increase operational efficiency.

Right-of-use assets (non-current) decreased to \$30.1 million from \$33.5 million in FY2021 mainly due to depreciation charged and foreign exchange losses on Right-of-use assets during the year.

Right-of-use lease liabilities (current & non-current) also decreased to \$28.4 million from \$31.0 million in FY2021 mainly due to payments made and foreign exchange gains on Right-of-use liabilities for the financial year ended 31 December 2022.

Trade and other payables increased to \$47.8 million from \$47.0 million in FY2021 mainly due to higher purchases to mitigate supply chain disruptions and uncertainty of shipment dates before year end.

Current income tax liabilities increased from \$2.0 million to \$2.8 million mainly due to provision related to prior years of assessment offset by income tax paid during the year.

Borrowings (current & non-current) decreased from \$62.6 million to \$41.8 million due to repayment of bank borrowings in FY2022. The weighted average effective interest rates for all bank borrowings were 5.01% in FY2022 compared to 2.57% in FY2021.

Group's net borrowings (net of cash) increased from \$8.7 million to \$9.6 million and net gearing ratio increased from 3.0% to 3.4% at the end of 31 December 2022. However, the Group's gross gearing ratio decreased from 32.7% to 25.0% at the end of 31 December 2022. The Group is in compliance with all borrowings covenants for the financial year ended 31 December.

Other reserves, consist of foreign currency translation loss on overseas investments, decreased from \$3.8 million to negative \$12.4 million mainly due to weakening of EUR, RMB, AUD, NZD and MYR against SGD.

STATEMENT OF CASHFLOW REVIEW

The Group's operating activities in FY2022 generated a positive cashflow of \$16.1 million. The Group also received \$0.4 million in FY2022 from its investing activities mainly attributable to the proceeds from the 51% share sale of YTSM (disposal group held for sale) as well as the dividend received from an associated company and offset by the purchase of property, plant and equipment. A total of \$36.2 million was utilised in financing activities mainly for dividend payment and repayment of bank borrowings. Cash and cash equivalents amounted to \$60.6 million as at 31 December 2022 compared to \$83.6 million reported as at 31 December 2021.

DIVIDEND

The Board of Directors has proposed a first and final (one-tier tax-exempted) dividend payout of 3.6 Singapore cents per share, subject to shareholders' approval at the Company's Annual General Meeting on 28 April 2023.

This translates to a dividend yield of 7.2% based on \$0.495 as at the closing share price of last practicable date before printing of the Annual Report and a dividend payout ratio of 50% based on earning per share of 7.14 Singapore cent for FY2022.

CORPORATE MILESTONES

1980 - 1995



1948



- Started as a sole proprietorship, Yew Huat & Company, by founder, the late Mr Tay Chin Kiat.

1973 - 1975



- 1973: Appointed as the exclusive distributor for Hitachi batteries (1973), Yokohama tyres (1974) and Enkei alloy wheels (1975) in Singapore.
- 1975: Yew Huat & Company was renamed to Yew Huat Tyre & Battery (Pte) Ltd.

1996



- Ventured into alloy wheels manufacturing with its first plant in Taoyuan, Taiwan.
- Launched YHI's proprietary brand – Advanti Racing.
- Mr Richard Tay was presented with the Lianhe Zaobao's ENDEC Entrepreneurship Excellence Award.

1997



- 1997: Mr Richard Tay was presented with the Rotary ASME's Entrepreneurship of the Year Award.

1999



- 1999: Ranked fourth in the Business Times Enterprise 50 Awards and presented with the Grand Five-Year Award for being in Enterprise 50 for five consecutive years since 1995.

CORPORATE MILESTONES

2000



- Set up second alloy wheels manufacturing plant in Shanghai, China.

2003 - 2004



- 2003: YHI International Limited listed on the Mainboard of the Singapore Exchange on 3 July.
- 2004: Set up a mould factory in Shanghai, China to manufacture and supply alloy wheel moulds for YHI's manufacturing plants.

2005



- Expanded into United States of America when König (American) became part of the YHI Group. It ventured into Thailand (2006), followed by Canada (2007) and Brunei (2010).

2006



- Launched YHI's proprietary brand - Neuton Tyres.
- Two new alloy wheels manufacturing plants located in Suzhou, China and Sepang, Malaysia commenced operations.
- Acquired a 35.51% shareholding in O.Z. S.p.A., a world renowned alloy wheels manufacturer.
- Appointed by Enkei Corporation under its license to manufacture "Enkei Tuning" brand of alloy wheels.

2007



- Mr Richard Tay was presented with the 2007 Ernst & Young's Manufacturing Entrepreneur of the Year Award.

2008



- Entered into a supply and sponsorship agreement with Formula One team Scuderia Toro Rosso and O.Z. S.p.A. to supply alloy wheels bearing the Group's proprietary brand Advanti Racing.
- Launched YHI's proprietary brand - Neuton Power.

CORPORATE MILESTONES

2009



- Installed MAT (Most Advanced Technology) machinery at Suzhou manufacturing plant.

2010



- Advanti Racing received the Regional Brand title in the Singapore Prestige Brand Award in recognition for its outstanding Singapore brand. The annual event was organised by Association of Small and Medium Enterprises and Lianhe Zaobao.
- YHI (Malaysia) Sdn Bhd received the Super Golden Bull 2010 Award for outstanding SME in Malaysia.

2011



- Set up its 5th alloy wheels manufacturing plant in Malacca, Malaysia.
- Commenced rebuilding of YHI Headquarters in Singapore.
- YHI (Malaysia) Sdn Bhd received its third Super Golden Bull Award for outstanding SME in Malaysia.

2012



- Completed the rebuilding of YHI Headquarters in Singapore.
- Ventured into Vietnam.
- For the fourth consecutive year, YHI (Malaysia) Sdn Bhd received the Super Golden Bull Award for outstanding SME in Malaysia.

2013



- YHI's proprietary brand, Advanti Racing, has been appointed as the Official Supplier to MERCEDES AMG PETRONAS Formula One Team, exclusively supplying alloy wheels for all its race cars.
- Ventured into Philippines.
- For the fifth consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2013 Award (formerly known as Golden Bull Award) for outstanding SME in Malaysia.



2014

- For the sixth consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2014 Award for outstanding SME in Malaysia.
- Consolidation of manufacturing capabilities from Sepang to Malacca plant.
- ISO-TS16949 certification for the design and manufacturing of alloy wheels for OEM operations in Malaysia in November 2014.
- Launched proprietary Dynamic Spinning Technology ("DST") for the Aftermarket wheels.

CORPORATE MILESTONES

2015



- For the seventh consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2015 Award for outstanding SME in Malaysia.
- YHI Hong Kong celebrating 25th year anniversary.
- Ventured into East Malaysia.

2016



- For the eighth consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2016 Award for outstanding SME in Malaysia.
- YHI New Zealand celebrating 20th year anniversary.
- The Advanti 20th Anniversary wheel created to celebrate the significant milestone.
- Consolidation of Shanghai's precision moulding and wheels manufacturing operations into Suzhou factory.

2017



- YHI Manufacturing (Malaysia) Sdn Bhd received the Super Golden Bull 2017 Award for outstanding SME in Malaysia.
- For the ninth consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2017 Award for outstanding SME in Malaysia.
- Consolidation of manufacturing operation from Shanghai to Suzhou factory.
- Ventured into Myanmar.

2018



- Mr Masataka Yamaishi, President of The Yokohama Rubber Co., Ltd attended YHI Corporation (S) Pte Ltd Dealer's night held on 15 April 2018.
- For the second year, YHI Manufacturing (Malaysia) Sdn Bhd received the Super Golden Bull 2018 Award for outstanding SME in Malaysia.
- For the tenth consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2018 Award for outstanding SME in Malaysia.
- Ventured into Cambodia.

2019



- For the eleventh consecutive year, YHI (Malaysia) Sdn Bhd received the Golden Eagle 2019 Award for outstanding SME in Malaysia.
- Incorporated YHI Distribution (Taiwan) Co., Ltd for tyre distribution business.

2021

- Incorporated Yokohama Tyre Sales Malaysia Sdn Bhd ("YTSM") for distributing Yokohama brand of automotive tyres and other related parts in Malaysia.
- Entered into a Sale & Purchase agreement to dispose 51% shareholding in YTSM to Yokohama Rubber Co. Ltd ("YRC") in December 2021.

2022

- Completion on the sale of 51% shareholding in YTSM to YRC in January 2022.
- YTSM became an associated company of the Group in January 2022.

BOARD OF DIRECTORS



MR TAY TIAN HOE, RICHARD, 71

Executive Chairman & Group Managing Director

Mr Richard Tay is the Executive Chairman & Group Managing Director of YHI International Limited and the key founder of our Group. He is a member of our Nominating Committee.

He has more than 45 years of business experience in the area of sales and distribution of automotive products. He is responsible for formulating the overall business strategies and policies for our Group, including the development and growth of our distribution and manufacturing operations.

Under his stewardship, Mr Tay has led the development and growth of our alloy wheels manufacturing business. He is a member of the Singapore Institute of Directors. He was appointed to the Board on 26 August 2000 and last reappointed on 28 April 2022.

MR TAY TIANG GUAN, 70

Executive Director

Mr Tay Tiang Guan is the Executive Director of our Group. He has more than 40 years of business experience and has extensive knowledge in the automotive and industrial products industry.

He is responsible for the Group's operations in ASEAN and overseeing the business development and operational management of our tyre and industrial product distribution business.

He is a member of the Singapore Institute of Directors. He was appointed to the Board on 26 August 2000 and was last re-appointed on 28 April 2021.



MR HONG PIAN TEE, 78

Lead Independent Director

Mr Hong Pian Tee was appointed to the Board on 1 September 2021. He currently chairs the Audit Committee and is a member of our Nominating Committee and Remuneration Committee.

Mr Hong was a Partner of PricewaterhouseCoopers from 1985 to 1999 prior to retiring from professional practice.

Mr Hong's experience and expertise are in corporate advisory, financial reconstruction and corporate insolvencies since 1977. He has been a Corporate/Financial Advisor to clients with businesses in Singapore and Indonesia and in addition was engaged to restructure companies with operations in Taiwan, Indonesia and Malaysia.

Mr Hong is currently the Chairman of Pei Hwa Foundation Limited and sits on the boards of three other companies listed on the Official List of the Singapore Exchange Securities Trading Limited, namely, as an Independent Director of Sinarmas Land Ltd, Yanlord Land Group Limited, and XMH Holdings Ltd. Mr Hong is also an independent director of Hyflux Ltd (in liquidation). Mr Hong was previously a Nonexecutive Chairman and Independent Director of AsiaPhos Limited from 2019 to 2021.

BOARD OF DIRECTORS



MR ONG KIAN MIN, 62

Independent Director

Mr Ong Kian Min was appointed to the Board on 1 October 2021. He currently chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

Mr Ong was an advocate and solicitor practising as a consultant with Singapore law firm Drew & Napier LLC, which he joined in October 2000, until March 2019. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 25 years of legal practice, he focused on corporate and commercial law such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to his legal practice, he is a senior adviser of Alpha Advisory Pte. Ltd., a boutique financial and corporate advisory firm, and is also the founder of Kanesaka Sushi Private Limited which owns and operates three fine dining Japanese restaurants in Singapore.

Mr Ong was an elected member of parliament in Singapore from January 1997 to April 2011. In 1979, he was awarded the President's Scholarship and the Singapore Police Force Scholarship. He holds a Bachelor of Laws (Honours) external degree from the University of London in England and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology, England.

MS GN JONG YUH GWENDOLYN, 52

Independent Director

Ms Gwendolyn Gn was appointed to the Board on 1 October 2021. She currently chairs the Nominating Committee and is a member of our Audit Committee and Remuneration Committee.

Ms Gn has more than 20 years' experience as a Corporate Lawyer, specialising in corporate finance and capital markets in Singapore and the Asian region. Ms Gn is currently an Equity Partner in Shook Lin & Bok LLP where she actively advises both Mainboard and Catalist listed companies, SMEs, MNCs and financial institutions on areas of fund raising, IPOs/RTOs/ dual listings, mergers and acquisitions, corporate structuring and corporate governance. Ms Gn graduated with LLB Hons (Second Upper) from the National University of Singapore in 1994 and was called to the Singapore bar as an Advocate and Solicitor in 1995. Ms Gn is a winner of the International Law Office and Lexology Client Choice Award 2014 in Singapore for Capital Markets and has been recognised as a leading capital markets and corporate finance lawyer in Asialaw Leading Lawyers. She has been named as an expert in Euromoney's Guide to the World's Leading Women in Business Law and World's Leading Capital Markets Lawyers.



SENIOR MANAGEMENT TEAM



MR GARY SU THIAM HUAT

*Group Chief Financial Officer (CFO)
& Company Secretary*

Mr Gary Su is responsible for the Group's financial reporting & controls, risk management, corporate finance, treasury, investor relations, corporate governance, tax and regulatory compliance functions.

He began his career as an Auditor in London, United Kingdom (UK) and has more than 30 years of experience gained in different industries with various multinational corporations and public listed companies in Singapore and overseas. Prior to joining YHI, Mr Su was CFO & Company Secretary of a SGX Main Board listed company.

Mr Su holds a Second Class Honours Degree in Accounting from the University of Hull, UK and a Diploma in Treasury Management from the Association of Corporate Treasurers, UK. He is a Fellow of the Association of Chartered Certified Accountants, UK, Fellow of the Association of Corporate Treasurers, UK and a member of the Institute of Singapore Chartered Accountants.

MR ALEX ONG CHIN KIONG

*Chief Operating Officer (COO)
Distribution Group*

Mr Alex Ong is responsible for the Strategic Business Planning and Operational Management for YHI Distribution Group. He oversees YHI subsidiaries within the Distribution business of the Group, Suppliers Relationship as well as Information Technology Unit to streamline the supply chain and optimize business processes.

To date, Mr Ong has more than 20 years of business experience in Management and Sales operations. In addition, Mr Ong has also extensive knowledge in the Automotive Industries, Energy and Equipment Solution.

He holds a Bachelor of Science (Honours) in Management from the University of London.



SENIOR MANAGEMENT TEAM



MR ROBERT TAN YONG QUAN

General Manager

Mr Robert Tan oversees the business operations in Thailand. In Singapore, he oversees the management of the Operation Process Centre (OPC), exploring growth opportunities, improving operations, systems, workflows, processes and policies of YHI Corporation (S) Pte Ltd.

Mr Tan has over 18 years of experience managing the YHI distribution group in ASEAN. He holds a Bachelor of Commence (Marketing and Finance) from Curtin University of Technology, Perth Australia; and an Executive Master of Business Administration from the Helsinki School of Economics, Finland.

MS AMY SOO WEE HSIEN

*General Manager, Group Human
Resource/Administration, 5S & Kaizen*

Ms Amy Soo oversees the Group's Human Resource Management Development and the administration functions and the implementation of 5S and Kaizen across the entire Group.

She joined the Group in 2001 as Group Human Resource Manager after one and a half years with a public listed company and 5 years in a local multinational corporation as a Human Resource Manager. To date, Ms Soo has more than 30 years of experience in Human Resource Management Development.

She holds a Master of Science in Human Resource Management from the University of Bradford, UK as well as a Bachelor of Business Administration from the National Chengchi University, Taiwan



HEAD OF SUBSIDIARIES

MALAYSIA



MR RYAN TAY

General Manager
YHI Manufacturing
(Malaysia) Sdn Bhd



MR RODNEY KOH

Deputy General Manager
YHI (Malaysia) Sdn Bhd



MR THAM KONG MOO

General Manager
Evo-Trend Corporation
(Malaysia) Sdn Bhd



MR JACKY KOK

Deputy General Manager
YHI Power (Malaysia)
Sdn Bhd

MALAYSIA



MR SHAWN NG

Deputy General Manager
YHI (East Malaysia)
Sdn Bhd

THAILAND



MR RAYMOND TAY

Head of Company
YHI Corporation
(Thailand) Co., Ltd

INDONESIA



MR EKA SATRIA

Deputy General Manager
PT YHI Indonesia

VIETNAM



MR IAN TAN

Deputy General Manager
YHI (Vietnam) Co., Ltd

PHILIPPINES



**MR JASON G.
DELLOSO**

General Manager
YHI (Philippines) Inc

MYANMAR



**MR U MAUNG
MAUNG LATT**

Managing Director
YHI Aung (Myanmar)
Company Limited

TAIWAN



MR LIU DE SEN

General Manager
YHI International
(Taiwan) Co., Ltd



MR KEVIN LEE

General Manager
YHI Distribution
(Taiwan) Co., Ltd

HEAD OF SUBSIDIARIES

HONG KONG



MR BENNY KAN

General Manager
YHI (Hong Kong) Co., Ltd

CHINA



MR DENG JUN HUI

Deputy General Manager
YHI Advanti Manufacturing
(Suzhou) Co., Ltd



MR WU MENG

General Manager
YHI Advanti (Shanghai)
Co., Ltd



MR WANG ZHAN WEI

General Manager
YHI Corporation
(Guangzhou) Co., Ltd

AUSTRALIA



MR TONY SUHAN

Managing Director
YHI (Australia) Pty Ltd



MR DAVID CHEN

Managing Director
YHI Power Pty Ltd

NEW ZEALAND



**MR CHRISTOPHER
TALBOT**

Managing Director
YHI (New Zealand) Ltd.

USA



MR SCOTT WEISS

President
Pan-Mar Corporation
D/B/A Konig (American)

ASSOCIATED COMPANIES

ITALY



**MR CLAUDIO
BERNONI**

Managing Director
O.Z. S.p.A

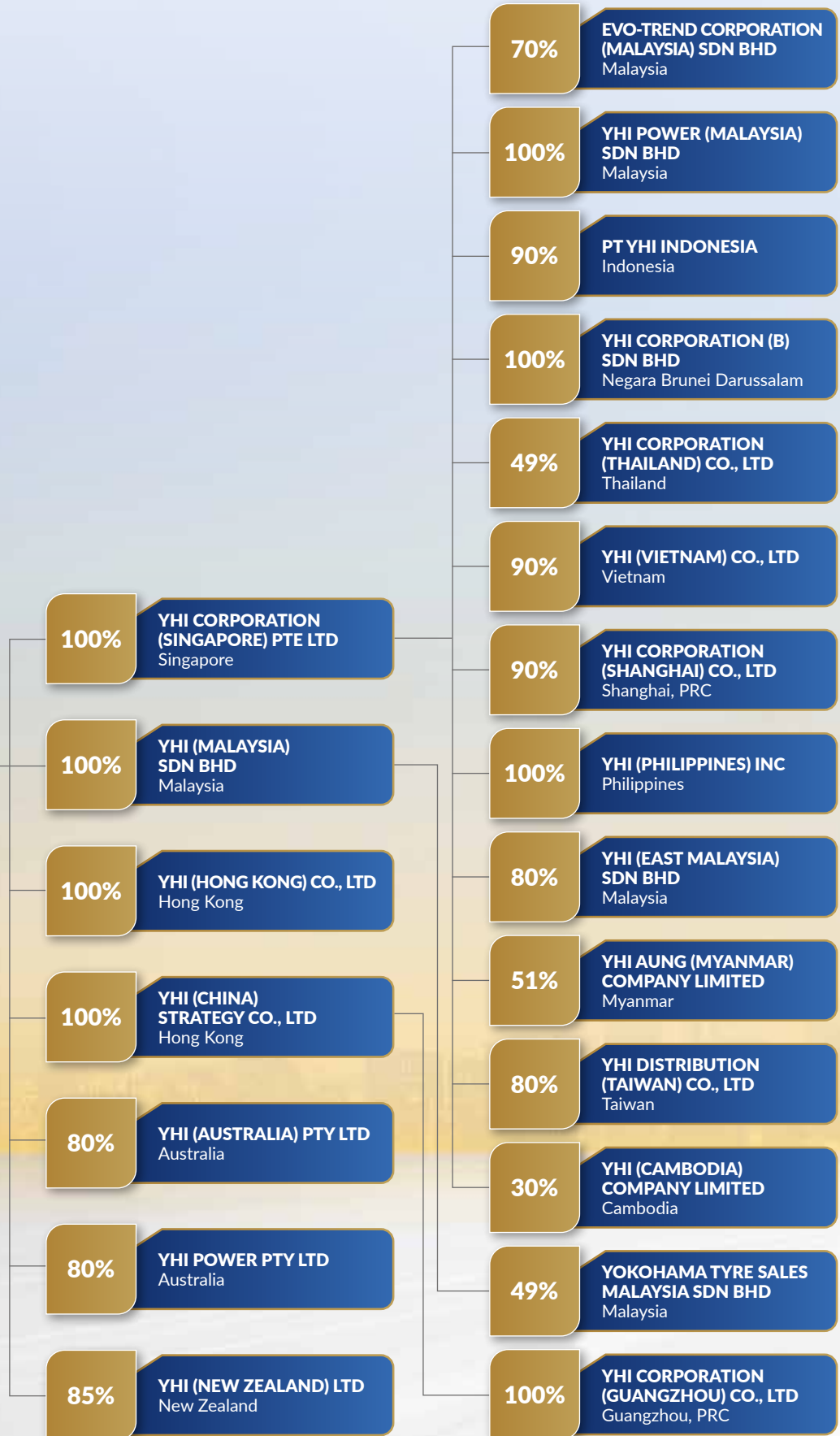
MALAYSIA



**MR AKIRA
NAKAMOTO**

Managing Director
Yokohama Tyre
Sales Malaysia
Sdn Bhd.

CORPORATE STRUCTURE



CORPORATE STRUCTURE



MANUFACTURING

100%

YHI MANUFACTURING (SINGAPORE) PTE LTD
Singapore

100%

YHI INTERNATIONAL (TAIWAN) CO., LTD
Taiwan

100%

YHI MANUFACTURING (SHANGHAI) CO., LTD
Shanghai, PRC

100%

YHI ADVANTI MANUFACTURING (SUZHOU) CO LTD
Suzhou, PRC

100%

YHI PRECISION MOULDING (SHANGHAI) CO LTD
Shanghai, PRC

100%

YHI MANUFACTURING (MALAYSIA) SDN BHD
Malaysia

100%

YHI ADVANTI MANUFACTURING (MALAYSIA) SDN BHD
Malaysia

100%

YHI ADVANTI (SHANGHAI) CO., LTD
Shanghai, PRC

35.51%

OZ S.p.A
Italy

100%

YHI (AMERICA) PTE LTD
Singapore

95%

PAN-MAR CORPORATION D/B/A KONIG (AMERICAN)
USA

90%

ADVANTI RACING USA, LLC
USA

100%

YHI LOGISTICS (SINGAPORE) PTE LTD
Singapore

94%

YHI LOGISTICS (MALAYSIA) SDN BHD
Malaysia



LOGISTICS

GLOBAL PRESENCE

SINGAPORE (Head Office)

YHI Holdings Pte Ltd
YHI International Limited
YHI Corporation (Singapore) Pte Ltd
YHI Manufacturing (Singapore) Pte Ltd
YHI (America) Pte Ltd
YHI Logistics (Singapore) Pte Ltd
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tay Tian Hoe Richard
Executive Chairman &
Group Managing Director

Tay Tiang Guan
Executive Director

Hong Pian Tee
Lead Independent Director

Ong Kian Min
Independent Director

Gn Jong Yuh Gwendolyn
Independent Director

AUDIT COMMITTEE

Hong Pian Tee
Chairman

Ong Kian Min
Member

Gn Jong Yuh Gwendolyn
Member

REMUNERATION COMMITTEE

Ong Kian Min
Chairman

Hong Pian Tee
Member

Gn Jong Yuh Gwendolyn
Member

NOMINATING COMMITTEE

Gn Jong Yuh Gwendolyn
Chairman

Tay Tian Hoe Richard
Member

Hong Pian Tee
Member

Ong Kian Min
Member

COMPANY SECRETARY

Gary Su Thiam Huat

AUDITOR

PricewaterhouseCoopers LLP
7 Straits View,
Marina One, East Tower,
Level 12, Singapore 018936
Partner-in-charge :
Maurice Loh Seow Wee
Year of appointment: 2018

SHARE REGISTRAR

Tricor Barbinder Share
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PRINCIPAL BANKERS

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Standard Chartered Bank

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Fax : (65) 6265 9927/
6266 5368
Email: yhigroup@yhi.com.sg
Website: www.yhigroup.com
Company Registration No:
200007455H

FINANCIAL CALENDAR

12 Aug 2022

Announcement
of half year
unaudited results

31 Dec 2022

Financial year-end

23 Feb 2023

Announcement
of full year
unaudited results

28 April 2023

Annual General
Meeting





SUSTAINING OUR RESILIENCE

Our disciplined implementation of cost optimisation and product marketing strategies has sustained our resilience, enhancing our ability to navigate uncertainties.

CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of YHI International Limited (the “**Company**”) and its subsidiaries (the “**Group**”) is committed to ensuring that the highest standards of corporate governance are adopted as a fundamental part of its responsibilities in protecting and enhancing shareholder value and the financial performance of the Group. The Board has established relevant internal control measures and monitoring mechanisms to ensure corporate governance standards are practised.

This report describes the Group’s corporate governance practices and structures that were in place during the financial year ended 31 December 2022 (“**FY2022**”), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”), which forms part of the continuing obligations of the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Rules**”). The Company has complied with the principles and provisions as set out in the Code where applicable and where there are variations from the provisions of the Code, explanations and alternative corporate governance practices adopted by the Company which are consistent with the aim and philosophy of the principles of the Code have been provided.

THE CODE

The Code is divided into five main sections:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholder Rights and Engagement
- (E) Managing Stakeholders Relationships

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the Company.

The Board comprises two (2) Executive Directors and three (3) Independent Directors, all having the right competencies and diversity of experience enabling them to effectively contribute to the Group.

As at 28 March 2023, the Board comprises the following Directors:

Mr Tay Tian Hoe Richard	(Executive Chairman and Group Managing Director)
Mr Tay Tiang Guan	(Executive Director)
Mr Hong Pian Tee	(Lead Independent Director)
Ms Gn Jong Yuh Gwendolyn	(Independent Director)
Mr Ong Kian Min	(Independent Director)

A description of the background of each director is presented in the “**Board of Directors**” section of this Annual Report.

CORPORATE GOVERNANCE

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the best interests of the Group.

Provision 1.1

The principal functions of the Board include the following:

- a. Providing entrepreneurial leadership for the Group and setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
- b. Enhancing and protecting long-term returns and value for the Group's shareholders;
- c. Reviewing and approving key business strategies and financial plans and monitoring the Group's performance and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- d. Reviewing the performance of and holding the management accountable for their performance;
- e. Reviewing the Group's internal controls, risk management systems, financial reporting process and sustainability issues and reporting, and establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- f. Ensuring the Group's compliance with relevant legislative, regulatory and continuing listing requirements;
- g. Ensuring that good corporate governance practices are adopted;
- h. Approving major investments, divestments and funding plans proposed by the Management;
- i. Ensuring accurate, adequate and timely reporting to, and communication with shareholders; and
- j. Identifying key stakeholder groups and recognizing that their perceptions affect the Group's reputation.

The Board has put in place a code of conduct and ethics, and has set an appropriate tone-from-the-top and desired organisational culture. The Board also ensures proper accountability within the Company.

Directors who face a conflict of interest would declare such conflict and recuse themselves from discussions and decisions involving issues of the conflict.

Directors understand the Company's business as well as their directorship duties (including their respective roles as Executives, Non-Executives and Independent Directors of the Company).

Provision 1.2

Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. All Directors are updated regularly on any changes to legislative and regulatory requirements, Listing Rules, business risks and accounting standards. The Company also encourages the Directors to attend trainings. Directors have attended seminars, programmes and update sessions relevant to new rules, regulations and laws organised by various bodies such as Singapore Institute of Directors, Institute of Singapore Chartered Accountants and SGX-ST.

The Company conducts a comprehensive and tailored orientation programme to provide new Directors with extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. New Directors will have the opportunity to visit the Group's operational facilities and to meet with the management to gain a better understanding of the Group's business operations. The orientation programme gives new Directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also allows new Directors to be familiar with the management, thereby facilitating Board interaction and independent access to the management.

The Company provides a formal letter to new Directors, setting out the Director's duties and obligations.

The Directors are familiar with the Group's business, industry-specific practices and governance practices. The Directors have prior experience as directors of a company listed on the SGX-ST and are familiar with the roles and responsibilities as a director of a listed company.

Listing Rule
210(5)(a)

CORPORATE GOVERNANCE

The Group has adopted a set of internal guidelines on matters that require the Board's approval. The Board decides on matters that require the Board's approval and clearly communicates this to the management in writing. The matters requiring Board approvals are including but not limited to, interested person transactions, investments and divestments, capital expenditure and business contracts which exceed certain amount. For example, the Board approves transactions exceeding certain threshold limits while delegating authority for transactions below those limits to the Board Committees and the management via a structured matrix, which is reviewed on a regular basis and revised when necessary.

Provision 1.3

The Board may delegate the authority to make decisions to any Board Committee but without abdicating its responsibility. The following three (3) committees have been appointed by the Board to assist the Board in discharging some of its key responsibilities:

Provision 1.4

- a) Nominating Committee ("**NC**")
- b) Remuneration Committee ("**RC**")
- c) Audit Committee ("**AC**")

Listing Rule
210(5)(e)

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Minutes of the Board and Board Committee meetings are available to all Board members.

The roles of each Board Committee is outlined in the respective Board Committee's written Terms of Reference approved by the Board, which clearly sets out the authority and duties of each respective committee. Further details of the scope and functions of the NC, RC and AC are provided in the relevant sections of this report.

The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

The composition of each Board Committee is set out in the table below:

Director	Nominating Committee	Remuneration Committee	Audit Committee
Mr Tay Tian Hoe Richard (Executive Chairman & Group Managing Director)	Member	-	-
Mr Tay Tiang Guan (Executive Director)	-	-	-
Mr Hong Pian Tee (Lead Independent Director)	Member	Member	Chairman
Ms Gn Jong Yuh Gwendolyn (Independent Director)	Chairman	Member	Member
Mr Ong Kian Min (Independent Director)	Member	Chairman	Member

The Board holds regular meetings on a quarterly basis to review the Group's key activities, business strategies, funding plans, financial performance and to approve the announcement of half-year and annual results. Where required, ad-hoc meetings are arranged. The Directors are also constantly kept updated on the Group's development which allows them to participate and to share their views. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company by actively participating in the Board and Board Committee meetings.

Provision 1.5

The Constitution of the Company ("**Constitution**") allows Directors to participate in a Board meeting by telephone conference to communicate without requiring the Directors' physical presence.

CORPORATE GOVERNANCE

The attendance of the Directors at meetings of the Board and Board Committees during FY2022 are set out in the table below

Name of Director	Board Meeting		Nominating Committee Meeting		Remuneration Committee Meeting		Audit Committee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Tay Tian Hoe Richard	3	3	1	1	1	1 [^]	3	3 [^]
Mr Tay Tiang Guan	3	3	1	1 [^]	1	1 [^]	3	3 [^]
Mr Hong Pian Tee	3	3	1	1	1	1	3	3
Ms Gn Jong Yuh Gwendolyn	3	3	1	1	1	1	3	3
Mr Ong Kian Min	3	3	1	1	1	1	3	3

Notes:

[^] By invitation

The Board and the Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objectives. For this to happen, the Board, particularly the Independent Directors must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in.

Provision 1.6

To ensure that the Independent Directors are well supported by accurate, complete and timely information, Directors have unrestricted access to the Management, and have sufficient time and resources to discharge their oversight functions effectively. The Independent Directors also receive board briefings on prospective deals and potential development at an early stage before formal Board approval is sought, and in circulation on the relevant information on latest market development and trends, and key business initiatives in relation to the Group or the industries in which it operates.

In order to ensure that the Board is able to discharge its responsibilities, the Management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision as well as ongoing reporting relating to the operational and financial performance of the Company and the Group.

All Directors are provided with board papers prior to Board and Board Committee meetings. Generally, detailed Board and Board Committee papers prepared for each meeting are circulated five (5) working days in advance of each meeting. This is to give the Directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. All deliberations and decisions of the Board or Board Committees are properly recorded in minutes.

The Board papers include financial results, draft announcements and various reports covering the Group's business performance, competitive position as well as significant trends and prospects of the industry. The Board papers provide contextual information that enables the Directors to make informed decisions and decide upon any further information to be obtained, where necessary. Such explanatory information may also be in the form of briefings to provide additional insights to the Directors or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects. The Board also receives reports from the internal and external auditors.

The Board receives quarterly financial statements, including regional performance and capital expenditure of the Group, cash flow projections, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance. Where required, detailed monthly management accounts will be provided. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations and risk management.

CORPORATE GOVERNANCE

The Board have separate and independent access to the Management. Directors are entitled to request and receive, in a timely manner, from the Management such additional information as necessary to make informed decisions.

Provision 1.7

The Directors have separate and independent access to the Company Secretary at all times. The Company Secretary also attends all Board, Audit Committee, Nominating Committee and Remuneration Committee meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Under the direction of the Lead Independent Director, the Company Secretary ensures good information flows within the Board and its Board Committees and between the Management and Independent Directors.

The Company Secretary assists the Executive Chairman and the Chairperson of each Board Committee in the development of the agendas for the various Board and Board Committee meetings, and administers and attends all Board and Board Committee meetings of the Company and prepares minutes of meetings. The Company Secretary is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the Listing Rules of the SGX-ST, are complied with.

Should the Directors, whether as a group or individually, need independent professional advice, the Company Secretary will, upon the Board's direction, appoint a professional advisor selected by the individual Director or the group of Directors to render the advice. The cost of such professional advice will be borne by the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The criterion of "independence" is based on the Listing Rules of the SGX-ST and Provision 2.1 of the Code. The Board has determined that the Independent Directors are independent in conduct, character and judgement. Furthermore, the Independent Directors have confirmed that none of them and/or their immediate family members have a relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

Provision 2.1

The Board and NC have also considered the new Rule 210(5)(d)(iv) of the Listing Rules which came into effect on 11 January 2023. Pursuant to Rule 210(5)(d)(iv) of the Listing Rules, a director will not be considered independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer.

Listing Rule
210(5)(d)

That said, pursuant to Transitional Practice Note 3 Transitional Arrangements Regarding the Tenure Limit for Independent Directors ("Transitional Practice Note 3") of the Listing Rules, Rule 210(5)(d)(iv) of the Listing Rules only takes effect for the Company's annual general meeting for the financial year ending on or after 31 December 2023.

The Independent Directors have confirmed that (a) none of them and/or their immediate family members were employed by the Company or any of its related corporations for FY2022 and for the past three (3) financial years and (b) none of them have served on the Board for an aggregate period of more than 9 years (whether before or after listing).

Each Independent Director completes a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code and the Listing Manual of the SGX-ST. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code or the Listing Rules of the SGX-ST. The Audit Committee members submits a declaration of independence as members of the Audit Committee in addition to their respective declaration of independence as Directors.

CORPORATE GOVERNANCE

As at the date of this Corporate Governance Report, the Board comprises five (5) Directors. The Executive Chairman of the Board, Mr Tay Tian Hoe Richard, is not independent and therefore Independent Directors make up a majority of the Board. The Independent Directors are: Provision 2.2

- Mr Hong Pian Tee (Lead Independent Director)
- Ms Gn Jong Yuh Gwendolyn
- Mr Ong Kian Min

All the Independent Directors are Non-Executive Directors and Non-Executive Directors make up a majority of the Board. Provision 2.3

The Nominating Committee is responsible for examining the size, composition and diversity of the Board and Board Committees. The criteria of diversity includes, among others, whether the Board is equipped with relevant skills and experience, gender composition, age and knowledge of the Company. The criteria are being objectively assessed from time to time to ensure relevancy in view of changing business environment, business needs and relevant regulatory requirements, where applicable. Provision 2.4

Having considered the scope and nature of the Group businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the Nominating Committee, considers that a Board size of between five (5) to eight (8) members as appropriate and facilitates effective decision-making. The current Board comprise of Independent Directors with finance, accounting, corporate finance and/or business expertise, with successful careers in professional firm, MNC or listed companies. The Board believes that its current Board size and the existing composition of the Board Committees effectively serves the Group and provides sufficient diversity for effective discharging of Board duties without interfering with efficient decision-making.

The Company does not adopt a formal board diversity policy, whereas it has embraced all aspects of diversity in the current Board composition and takes into consideration various factors of diversity in reviewing the Board composition as mentioned above.

The Nominating Committee is of the view that the current Board, with Independent Directors making up more than half of the Board, has a strong and independent element that is able to exercise objective judgement on corporate affairs independently. The Independent Directors are actively involved in strategy decisions. They constructively challenge and provide invaluable insights to the Management in developing business strategy. They also review and monitor the performance of the Management in meeting agreed business goals.

The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision making process. The Board also considers that its current composition of Independent Directors provides an effective mix of commercial, accounting, finance and legal experience and has sufficient diversity to provide a range of perspectives and insights for a constructive Board deliberation to enable the Board to discharge its duties and responsibilities effectively. This balance and diversity is important in ensuring that the strategies proposed by the Management are well deliberated taking into account the long-term interests of the Group.

The Board is represented by a wide range of age group with diverse experience, professional training and industrial knowledge in various fields such as in legal, commercial, accounting and finance industries which adds value to the Board in its decision making process. The Company believes that the practices adopted above are consistent with the intent of Principle 2 of the Code of Corporate Governance and enables the Company to make decisions in the best interests of the Company.

The Independent Directors of the Company at the relevant time in FY2022 have met without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Lead Independent Director will provide feedback to the Executive Chairman after such meetings as appropriate. Provision 2.5

CORPORATE GOVERNANCE

PRINCIPLE 3: CHAIRMAN AND GROUP MANAGING DIRECTOR

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr Tay Tian Hoe Richard is the Executive Chairman and Group Managing Director. As Chairman of the Board, Mr Tay Tian Hoe Richard: Provisions 3.1 & 3.2

- a. Leads the Board to ensure its effectiveness of all aspects of its role;
- b. Sets the meeting agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- c. Ensures that matters raised by the Independent Directors are appropriately attended to; Provisions 3.1
- d. Ensures that the Directors receive complete, adequate and timely information; & 3.2
- e. Promotes a culture of openness and debate;
- f. Encourages constructive relations within the Board and between the Board and Management;
- g. Ensures effective communication with the shareholders;
- h. Facilitates the effective contribution of Independent Directors; and
- i. Promotes high standards of corporate governance and compliance with the Listing Rules.

Having regard to Mr Tay Tian Hoe Richard's ("**Mr Richard Tay**") concurrent appointment as the Chairman and the Group Managing Director, there is no division of responsibilities set out between the role of Mr Richard Tay as the Chairman and the Group Managing Director. However, the following checks and balances are adopted by the Board to ensure appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making:

- a. Major business and operational decisions made by Mr Richard Tay are reviewed by the Audit Committee and the Board;
- b. The Board has appointed a Lead Independent Director, Mr Hong Pian Tee; and
- c. Independent Directors make up more than half of the Board.

As Mr Richard Tay is the Executive Chairman and Group Managing Director, pursuant to Provision 3.3 of the Code, Mr Hong Pian Tee has been appointed to be the Company's Lead Independent Director. The Lead Independent Director is available to the shareholders where they have concerns and for which contact through the channels of the Executive Chairman or Group Chief Financial Officer have failed to resolve or is inappropriate. Provision 3.3

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Nominating Committee's role and authority delegated by the Board are outlined in its Terms of Reference. The key duties and activities of the Nominating Committee are to deliberate and make recommendations to the Board on matters regarding the following: Provision 4.1

- a. The Board's structure, size and composition;
- b. The Board succession plans for Directors, in particular, for the Chairman, Group Managing Director and key management personnel;
- c. Identify and make recommendations to the Board on the Directors who are due for retirement by rotation as well as candidates for nomination or re-nomination at the forthcoming Annual General Meeting;
- d. The evaluation criteria and process of evaluation for the Board, Board Committees and individual Directors;
- e. The independence of individual Directors;
- f. The contribution and commitment of each Director; and
- g. Training and professional development programs for the Board.

CORPORATE GOVERNANCE

Ms Gn Jong Yuh Gwendolyn, an Independent Director, is the Chairman of the Nominating Committee. A majority of the Nominating Committee are Independent Directors. The Nominating Committee comprise of the following Directors: Provision 4.2

- Ms Gn Jong Yuh Gwendolyn, as Chairman of the Nominating Committee;
- Mr Hong Pian Tee, the Lead Independent Director;
- Mr Tay Tian Hoe Richard; and
- Mr Ong Kian Min.

The Process for the Selection, Appointment and Re-appointment of Directors Provision 4.3

The Board believes that Board renewal must be an ongoing process which ensures both good governance and maintains relevance to the changing needs of the Company and business.

The Constitution requires at least one-third of the Directors, excluding the Group Managing Director, to retire from office by rotation and submit themselves to re-nomination and re-election by shareholders at every Annual General Meeting. No Director stays in office for more than three (3) years without being re-elected by shareholders.

The role of the Nominating Committee also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the director's integrity, independent character, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as determined by the Nominating Committee.

The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. Accordingly, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary. Where a vacancy arises or where it is considered by the Board that it would benefit from the contribution of a new Director with particular expertise and experience or diversity, the Nominating Committee, in consultation with the Board, determines the selection criteria and identifies potential candidates with the appropriate expertise and experience or diversity for the position.

The Nominating Committee has in place a selection and nomination process for the appointment of new Directors. For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Nominating Committee does so by first evaluating the existing strengths and capabilities of the Board, before it proceeds to assess the likely future needs of the Board, and assesses whether this need can be fulfilled by the appointment of one person and if not, then to consult the Board with respect to the appointment of two persons. The Nominating Committee will then source through their network or engage external professional assistance for potential candidates and resumes for review, undertake background checks on the resumes received, narrow this list of resumes and finally to invite the shortlisted candidates to an interview. This interview may include a briefing of the duties required to ensure that there is no expectations gap, and to ensure that any new director appointed has the ability and capacity to adequately carry out his duties as a director of the Company, taking into consideration the number of listed company board representations he holds and other principal commitments he may have. The Nominating Committee will take an open view in sourcing for candidates and does not solely rely on current Directors' recommendations or contacts, and is empowered to engage professional search firms. The Nominating Committee will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

CORPORATE GOVERNANCE

Retirement and Re-Nomination of Directors at the Forthcoming Annual General Meeting

Provision 4.3

The Nominating Committee has recommended to the Board that Mr Tay Tiang Guan and Mr Ong Kian Min to be nominated for re-appointment at the forthcoming Annual General Meeting.

Please refer to page 148 for additional information on Directors to be re-elected.

The independence of each Director is reviewed by the Nominating Committee annually and as and when required and reported to the Board, having regard to the circumstances set forth in Provision 2.1 of the Code.

Provision 4.4

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Board, after taking into consideration the views of the Nominating Committee, is of the view that Mr Hong Pian Tee, Mr Ong Kian Min and Ms Gn Jong Yuh Gwendolyn are independent and that no individual or small group of individuals dominates the Board's decision-making process.

The Nominating Committee ensures that new Directors are aware of their duties and obligations.

Provision 4.5

The Board does not prescribe a maximum number of listed company board representations that each Director may hold. However, all Directors are required to declare their board representations. The Nominating Committee is of the view that any maximum number established is unlikely to be representative of the participation and commitment that a Director may contribute to the Board and its overall effectiveness.

The Nominating Committee, after taking into account of the individual Director's assessment results and the Director's participation of meetings, has reviewed and is satisfied that all the Directors who sit on multiple boards have been able to and have devoted sufficient time and attention to the affairs of the Company and have adequately carried out their roles and discharged their duties as Director of the Company, notwithstanding their multiple board representations and directorships in other listed companies.

There is no alternate director on the Board.

Key information on each Director's academic and professional qualifications, directorships and other principal commitments is presented in the "Board of Directors" section of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Nominating Committee recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Executive Chairman and each individual Director to the Board.

Provision 5.1

Performance Criteria for Board (including Board Committees)

The Board believes that apart from discharging its fiduciary duties (i.e. acting in good faith, with due diligence and care and in the best interests of the Company and its shareholders) the Board is to set strategic directions and ensure that the long term objective of enhancing shareholder value is achieved.

CORPORATE GOVERNANCE

The performance criteria (which is consistent with previous years' performance criteria) for the Board and Board Committees are comparable with industry peers and have been approved by the Board. The evaluation includes size and composition, independence of Independent Directors, deliberation processes, information and accountability and performance in relation to discharging its principal functions including enhancing long-term shareholder value and achievement of financial targets including annual targets and return on equity and Company's share price performance over a five-year period. Provision 5.1

Over the years, the Board and Board Committees' composition, performance and effectiveness is measured by its ability to provide guidance to the Management especially in times of crisis and to steer the Company and the Group towards profits and the attainment of strategic and long-term objectives, and has allowed the Group to deliver value to its shareholders.

Evaluation of Individual Directors

Evaluation criteria (which is consistent with previous years' performance criteria) in assessing the contribution of individual Directors to the Board as well as his commitment to the role include the following:

- a. Attendance at Board/Board Committee meetings;
- b. Preparedness and participation in meetings;
- c. Availability for consultation and advice;
- d. Candour and the ability to confront key issues; and
- e. Contribution to the Board and Board Committee in terms of appropriate experience, expertise and skills.

A formal review of the effectiveness of the Board and Board Committees and the assessment of the Director's contribution is undertaken collectively by the Nominating Committee and reported to the Board annually. The review undertaken by the Nominating Committee also takes into account the input from other Directors and the Company Secretary. Provision 5.2

During the financial year, Directors were requested to complete assessment checklists designed to seek their comments on the following:

- a. The effectiveness and performance of the Board (including Board Committees); and
- b. The contribution of each Director.

With the assistance of the Company Secretary, the completed checklists were submitted to the Nominating Committee for review before submitting to the Board for discussion and determining areas for improvement.

The Executive Chairman will consider the Board (including Board Committees) and individual Director's evaluation results, and in consultation with the Nominating Committee, where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board for FY2022. The Board and Board Committees have met the prescribed performance objectives. There was no external facilitator engaged to assess the performance of the Board for FY2022.

CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Remuneration Committee's role and authority delegated by the Board are outlined in its written Terms of Reference. The key duties and activities of the Remuneration Committee include the following: Provision 6.1

- a. Reviewing and recommending to the Board a formal and transparent framework of remuneration for the Directors and key management personnel on all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options (if any) and benefits-in-kind;
- b. Reviewing and recommending to the Board the specific remuneration packages and terms of employment for each Director and key management personnel;
- c. Reviewing the level of remuneration such that it is appropriate to attract, retain and motivate the Directors and key management personnel whilst linking rewards to group or corporate and individual performances;
- d. Ensuring adequate disclosure on Director's remuneration; and
- e. Recommending to the Board any long-term incentive scheme which may be set up from time to time and doing all acts necessary in connection therewith.

Mr Ong Kian Min, an Independent Director, is the Chairman of the Remuneration Committee. All members of the Remuneration Committee are Independent Directors and the Remuneration Committee comprise of the following Directors: Provision 6.2

- Mr Ong Kian Min, Chairman of the Remuneration Committee;
- Mr Hong Pian Tee, the Lead Independent Director; and
- Ms Gn Jong Yuh Gwendolyn.

In its deliberations, the Remuneration Committee takes into consideration industry practices and norms in compensation, the Group's performance vis-a-vis the industry as well as the individual Director and the key management personnel's contribution and performance. No Director or key management personnel is involved in deciding his own remuneration. Following the Remuneration Committee's review, the Board is of the view that the remuneration packages are appropriate and the performance conditions set have been met for FY2022. Provision 6.3

Each Executive Director has a service contract with a fixed appointment period and the Remuneration Committee reviews in particular the termination provisions, such as obligations arising in the event of termination of the Executive Director or key management personnel's contract of service, to ensure that such contract of service contains fair and reasonable termination clauses which are not overly generous.

When the need arises, the Remuneration Committee has access to external remuneration consultants' service and advice on Director's remuneration. No remuneration consultant was appointed for FY2022. Provision 6.4

CORPORATE GOVERNANCE

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Executive Directors do not receive directors' fees but are remunerated as members of Management. Provision 7.1
The compensation structure for Executive Directors and key management personnel is directly linked to corporate and individual performances and measured by financial and non-financial indicators. The compensation structure comprises a fixed component (i.e. in the form of base salary) and a variable component (i.e. annual performance bonus) directly determined by the financial performance of the Group and the performance of the individual Executive Director or key management personnel during the financial year. Non-financial performance indicators such as quality of work and diligence are also considered. This is in line with the emphasis placed by the Group on achieving its long-term vision and goals and the performance target set for the individuals, and aligns the remuneration with the performance of the Group and the individual. The compensation structure is also aligned with the interests of shareholders and other stakeholders of the Company. For example, annual performance bonus is computed based on certain percentage of profit before tax of the Group. Such performance indicators selected by the Group are consistent with industry practice.

The performance of the Group Managing Director (together with other key management personnel) is reviewed periodically by the Remuneration Committee and the Board. In structuring the compensation framework, the Remuneration Committee also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Nonetheless, the Remuneration Committee, together with the Board, will consider, monitor and re-assess at appropriate junctures where such provisions should be adopted.

The Independent Directors receive directors' fees, appropriate to their level of contribution, taking into account various factors such as effort and time spent as well as responsibilities on the Board. The Company recognises the need to pay competitive fees to attract, motivate and retain non-executive Directors without being excessive to the extent that their independence might be compromised. Provision 7.2

The Board will recommend the remuneration of the Independent Directors for FY2022 for approval at the Annual General Meeting.

The level of remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key executives to successfully manage the Company for the long-term. Provision 7.3

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Executive Directors' remuneration consists of their salaries, allowances, bonuses, and profit-sharing awards conditional upon their meeting of certain profit before tax targets. There are no termination, retirement and post-employment benefits that may be granted to the Directors and key executives. The Independent Directors receive directors' fees which are subject to the approval of shareholders at the Annual General Meeting. Provision 8.1

CORPORATE GOVERNANCE

The remuneration for the Directors in bands of \$250,000 in FY2022 is as follows:

Provision 8.1

	Number of Directors	
	FY2022	FY2021
\$S\$1,000,001 and above	1	1
\$S\$750,001 to \$S\$1000,000	-	-
\$S\$500,001 to \$S\$750,000	-	-
\$250,000 to \$S\$500,000	-	-
Below \$250,000	4	7
Total	5	8

The breakdown of the Directors' remuneration and fees, in percentage terms, for FY2022 is as follows:

	Directors		Other		Total
	Salary	Bonus	Fees	Benefits	
	%	%	%	%	%
Tay Tian Hoe Richard	23	76	-	1	100
Tay Tiang Guan	47	38	-	15	100
Hong Pian Tee	-	-	100	-	100
Gn Jong Yuh Gwendolyn	-	-	100	-	100
Ong Kian Min	-	-	100	-	100

The Company ensures that the Remuneration Committee reviews and considers the remuneration of each Director and key management personnel of the Company as described in Provision 6.1 of this report and after due deliberation, the Remuneration Committee would make appropriate recommendations to the Board. No Director or key management personnel is involved in deciding his own remuneration.

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. While the Company is cognizant of the need for corporate transparency in the remuneration of its Directors and key executives, the Company notes that the disclosure of details in excess of the above may be detrimental to its business interests, given the highly competitive industry conditions where poaching has become commonplace. The disclosure of 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.

The Company views manpower as key source for the continuous success of the Company. The disclosure of the remuneration of the top five key management personnel (who are not directors or the CEO) would be detrimental to the Company's ability to retain its existing key management personnel. The Company believes that the current disclosure is adequate.

In particular, the Company had previously announced its "3R" strategy and restructuring of its Group operations and the disclosure of remuneration matters are sensitive and confidential in light of its restructuring and resizing strategy. The Group also sees human capital as one of its key advantages over its competitors and, noting that the highly competitive industry which the Group operates in, believes that the disclosure above best preserves the business interests of the Group. As far as the Company is aware, the remuneration paid to Directors and key executives is in line with industry practices.

In light of the spirit of Principle 8 of the Code, the Company has demonstrated the level and mix of remuneration by setting out the following:

- (a) directors' remuneration in bands of \$250,000; and
- (b) a breakdown of each Director's remuneration and fees in terms of percentage and the different components of the remuneration i.e. salary, bonus, director's fees and other benefits.

CORPORATE GOVERNANCE

Details of employees whose remuneration exceed S\$100,000 and are immediate family members of Executive Directors during FY2022 are set out below: Provision 8.2

Name of Employee	Remuneration Band
Tay Soek Eng Margaret ⁽¹⁾	S\$200,000 to S\$250,000
Tay Guoren Ryan ⁽²⁾	S\$150,000 to S\$200,000

Notes:

⁽¹⁾ Mdm Tay Soek Eng Margaret is the sister of our Executive Chairman and Group Managing Director, Mr Tay Tian Hoe Richard, and our Executive Director, Mr Tay Tiang Guan.

⁽²⁾ Mr Ryan Tay is the son of our Executive Chairman and Group Managing Director, Mr Tay Tian Hoe Richard.

Save as disclosed above, there are no employees of the Company who are substantial shareholders of the Company, or are immediate family members of any Director, the Group Managing Director or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during FY2022.

The Company has in place the 2021 YHI Share Option Scheme (the “**Scheme**”) which was approved by shareholders of the Company at an Extraordinary General Meeting on 29 November 2021. Provision 8.3

The Scheme is administered by a committee which comprise of the Board of Directors and the Remuneration Committee at the relevant time.

The purpose of the Scheme is to provide an opportunity for employees and executive directors of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and a higher standard of performance, and to give them due recognition.

On 24 December 2021, the Company granted incentive options to subscribe for 2,250,000 ordinary shares of the Company at an exercise price of \$0.39 per share (the “**2021 Options**”). 50,000 incentive options were forfeited in FY2022 and the remaining 2,200,000 incentive options are exercisable from 24 December 2023 and expires on 23 December 2031.

Further details on the Scheme may be found on page 122 of this annual report.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board affirms its overall responsibilities for the Group’s internal control and risk management systems to safeguard shareholders’ interests and the Group’s assets. Provision 9.1

In order to streamline the functions of the Board and the Board Committees, the Board delegates the role of overseeing the risk management systems to the Audit Committee.

CORPORATE GOVERNANCE

Risk Management Framework

Provision 9.1

The Group's Risk Management Framework is aligned with the Internal Controls Integrated Framework set out by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). This framework entails a rigorous and systematic process of anticipating, identifying, prioritising, managing and reporting of key risks. The Management reviews the Group's business and operational activities regularly to identify areas of significant business, operational, compliance and information technology risks, and employs a wide range of corresponding measures to control these risks. The Management has embedded the risk management process and internal controls into all business operating procedures, where all business and operational managers are mindful and compliant of their responsibilities.

All identified areas of risks are promptly addressed by the managers who swiftly determine and implement appropriate measures to control and mitigate such risks. Targets are set to measure the performance of business and effectiveness of risk management. The targets include sales growth, profit margins, operating expenses, management of inventory and receivables.

The identified risks and the corresponding countervailing controls are also regularly reviewed by the Management to ensure that they are up to date and effective. For example, financial risk management is discussed in Note 29 of the financial statements set out on pages 124 to 135.

The Enterprise Risk Management Executive Committee ("**RMEC**") which comprises members from Management and headed by the Executive Chairman and Group Chief Financial Officer is responsible for the overall effective implementation of risk management strategy, policies and procedures to facilitate the achievement of business plans and goals within the risk profile and risk tolerance levels set by the Board. RMEC also take charge of the sustainability and climate risks related issues pertinent to the business.

The RMEC performs the following principal functions:

- a. considers, reviews and approves the risk management strategy, policies and guidelines of the Group;
- b. decides on risk profile, risk levels, tolerance and capacity and related resources allocation;
- c. monitors and evaluates the Group's risk exposure; and
- d. reviews the risk reporting records of the Group and reports of any material breaches of risk limits.

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Provision 9.2

The Board has also received assurance from the Group Managing Director and other key management personnel who are responsible that the Group's internal control and risk management systems are effective and adequate.

The Board, with the assistance of the Audit Committee, reviews the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems through deliberating the internal audit reports and results of the control self-assessment exercise at the end of each quarter. The Board also deliberates the updates made by the Group Chief Financial Officer on behalf of RMEC.

Listing Rule
1207(10)

The Board determines the risk tolerance of the Group and reviews the financial, operational, compliance and information technology aspects of the systems.

CORPORATE GOVERNANCE

Based on Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, with the concurrence of the Audit Committee, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group are adequate and effective as at 31 December 2022.

Listing Rule
1207(10)

The Board acknowledges that internal controls and risk management systems are designed to adequately and effectively manage and contain rather than to eliminate risk. An effective and efficient system can only provide reasonable and not absolute assurance against the occurrence of human & system errors, losses, fraud or other irregularities.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee ("AC") which discharges its duties objectively.

The Audit Committee's role and authority delegated by the Board are outlined in its Terms of Reference. The key duties and activities of the Audit Committee include the following: Provision 10.1

- a. Reviewing financial statements as well as any announcements of the Company and the Group before submission to the Board for approval and release;
- b. Reviewing at least annually the adequacy and effectiveness of the Group's internal control and risk management systems;
- c. Reviewing the assurance from the Group Managing Director and the Chief Financial officer on the financial records and financial statements of the Group;
- d. Reviewing the annual internal audit plan and internal audit reports tabled by the internal auditors;
- e. Making recommendations to the Board on the proposals to the shareholders on the appointment and removal of external auditors, and the remuneration and terms of engagement of the external auditors;
- f. Reviewing the audit plan of the external auditors and the external auditors' reports;
- g. Reviewing the co-operation given by executives to the external auditors;
- h. Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- i. Reviewing the Group's compliance with relevant key legislative and regulatory requirements and the continuing listing requirements;
- j. Reviewing the Group Whistle-Blowing Policy and ensure that concerns or complaints received are properly attended to;
- k. Reviewing interested person transactions reported (if any);
- l. Reviewing the Group's capital expenditure transactions and investments; and
- m. Reviewing the Group's foreign currency hedging activities.
- n. Reviewing the Group's sustainability issues and reporting as delegated by the Board.

The Audit Committee has explicit authority to investigate any matter within its written Terms of Reference. The AC has full access to, and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The Audit Committee has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

Review of full-year financial statements and the key audit matters highlighted by the external auditors

In the review of the full-year financial statements, the Audit Committee reviews the accounting policies, estimates, assumptions and judgements applied by Management. Audit Committee also discusses with the external auditors on any significant audit and accounting observations highlighted.

Key audit matters are the matters that, in the external auditors' professional judgement, are of most significance in the audit of the full-year financial statements. The Audit Committee's reviews and assessments of the key audit matters highlighted by the external auditors for the full-year financial statements ended 31 December 2022 are provided as follows:

CORPORATE GOVERNANCE

- Credit loss allowance on trade receivables

Provision 10.1

The AC regularly reviews management policy in granting of credit limits, credit controls and debt collection on an ongoing basis. Audit Committee considered the aging and the reasonableness of the recoverability of the trade receivables and the credit loss allowance on trade receivables as identified by Management. Audit Committee considered how Management has assessed the collectability and their consideration based on the adequacy of lifetime expected credit losses under SFRS(I) 9 Financial Instruments, the past payment track records, financial positions of the debtors and guarantors (where applicable), on-going business relationship with the debtors and where relevant, the repayment plans agreed with the debtors in conjunction with the observations, analysis and the findings presented by the external auditors.

After the review and assessment of the key audit matters highlighted by the external auditors, the Audit Committee recommended to the Board to approve the full year financial statements.

Whistle-Blowing Policy

A Group Whistle-Blowing Policy (“**Policy**”) has been put in place and communicated to the employees. The Company has designated Group Internal Audit to investigate whistleblowing reports made in good faith.

The Policy provides employees with clearly defined processes and channels through which they can raise their concerns or complaints in relation to possible violations of the Group’s Code of Ethics and Business Conduct or suspected irregularities to the Audit Committee through the internal audit function. There were no instances where concerns were raised under the Policy during FY2022.

The concerns can be made anonymously and will be kept in strict confidence. The identity of the whistleblower is kept confidential. The Audit Committee is responsible for the oversight of and monitors whistleblowing to ensure that concerns are independently and appropriately attended to, assessed and resolved in accordance with the Policy. The Audit Committee will also ensure protection of the whistleblower against detrimental or unfair treatment. The processes stated in the Policy are also applicable to the concerns or complaints received from the shareholders, suppliers, customers or members of the public, if any.

Nomination and Re-Appointment of External Auditors

The Audit Committee has nominated PricewaterhouseCoopers LLP (“**PwC**”) for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. PwC is registered with the Accounting and Corporate Regulatory Authority.

The Audit Committee has conducted an annual review of all non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination, and is of the opinion that the non-audit services provided by PwC would not affect its independence.

The Group has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditors. The aggregate amount of fees paid to the auditors, broken down into audit and non-audit services are set out below:

	2022	2021
	S\$	S\$
Fees on audit services paid/payable to:		
Auditors of the Company – PwC Singapore	249,250	228,580
Other PwC network firms	163,646	149,772
Other auditors	243,119	249,706
Fees on non-audit services paid/payable to:		
Auditors of the Company- PwC Singapore	16,500	82,000
Other auditors	119,274	53,391
Total	791,789	763,449

CORPORATE GOVERNANCE

Mr Hong Pian Tee, the Lead Independent Director, is the Chairman of the Audit Committee. The Audit Committee comprises the following Independent Directors: Provision 10.2

- Mr Hong Pian Tee, as Chairman of the Audit Committee;
- Ms Gn Jong Yuh Gwendolyn; and
- Mr Ong Kian Min.

The members of the Audit Committee have the recent and relevant legal, accounting or related financial management expertise or experience, as the Board interprets such qualifications in its business judgement.

The Audit Committee keeps abreast of changes to accounting standards and other business issues which may have a direct impact on the Company and Group's financial statements through regular updates made by the Management and external auditors.

None of the members of the Audit Committee are former partners or directors of the Group's existing auditing firm or auditing corporation within the last two (2) years and none of the members of the Audit Committee hold any financial interest in the Group's existing auditing firm or auditing corporation. Provision 10.3

The Group has its own in-house internal audit function. The Audit Committee approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the Chairman of the Audit Committee and have unrestricted access to the documents, records, properties and personnel of the Company and of the Group. The internal audit function has appropriate standing within the Company. Provision 10.4

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the Audit Committee in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the Audit Committee and to conduct regular in-depth audits of high-risk areas. The Audit Committee reviews the adequacy and effectiveness of the internal audit function at least annually.

The Audit Committee is satisfied that the internal audit function is adequately resourced to perform its function effectively and is independent of the activities it audits. The Audit Committee is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience and professional qualification.

The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing ("**IA Standards**") laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors.

The internal audit function plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the Audit Committee for approval prior to the commencement of the internal audit work. In addition, the internal auditor may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concerns.

The internal and the external auditors are invited to attend the Audit Committee meetings to table their plans and reports respectively. During FY2022, the Audit Committee met with the external auditors without any executives of the Group being present. The Chairman of the Audit Committee liaised with the internal auditor without the involvement of the Management to receive updates. Provision 10.5

CORPORATE GOVERNANCE

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders' Opportunity to Participate and Vote at General Meeting

Provision 11.1

The Board supports the Code's principles of encouraging shareholders' participation. All shareholders are entitled to attend and are provided the opportunity to participate in the general meetings of the Company. The general meetings are the principal forum for dialogue with shareholders, where they are given the opportunity to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Group and its operations. The Management also uses this opportunity to inform shareholders of the Group's strategy and goals. The Management believes that shareholder engagement is important to the success of the Group and dedicates time at each general meeting to address and/or receive questions from any shareholder. The Company had adopted a new Constitution containing, inter alia, updated provisions in respect of shareholders' voting in compliance with the amended Companies Act and the Listing Rules, including provisions for voting in absentia.

Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 21 or 14 days before the meeting depending on the type of business to be transacted.

The rules, including the voting process, were explained by the scrutineers at such general meetings. The Company relies on the advice of the independent scrutineers to determine the need for electronic voting, taking into consideration the logistics involved, costs, and number of shareholders, amongst other factors.

During FY2022, an annual general meeting was held on 28 April 2022 ("**AGM**"). Each item of special business included in the notice of the meetings were accompanied by a full explanation of the effects of a proposed resolutions at all general meetings. Separate resolutions were proposed for substantially separate issues at the general meetings.

Provision 11.2

The Company conducted poll voting in accordance with the Listing Manual of the SGX-ST for all resolutions tabled at the AGM and the detailed results showing the number of votes cast for and against each resolution and the respective percentages were announced via SGXNET and made available on the Company's website after the conclusion of the AGM.

All the Directors and the external auditors attended the AGM and were available to address shareholders' queries.

Provision 11.3

Shareholders were given the choice to vote by appointing the Chairman as a proxy.

Provision 11.4

The Constitution of the Company allows absentia voting at general meetings.

Minutes of the AGM were prepared and made available to shareholders by publishing them on SGXNet and the Company's website within 1 month after the AGM. The Company's responses to the substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Board and Management were published on SGXNet and the Company's website on 22 April 2022.

Provision 11.5

CORPORATE GOVERNANCE

The Company does not have a formal dividend policy, nevertheless, it has a track record of paying annual dividends to shareholders and the payout is aligned with the Company's financial results. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management. Subject to the approval of Shareholders at the upcoming Annual General Meeting, the Company has, on 23 February 2023, in its unaudited financial results for the financial year ended 31 December 2022, recommended a first and final tax exempt (one-tier) dividend of 3.60 cents per ordinary share for the financial year ended 31 December 2022.

Provision 11.6

Listing Rule
704(24)

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

In line with the provisions of the Listing Rules and the Companies Act 1967 of Singapore, the Board's policy is that all shareholders should be equally and in a timely manner be informed of all major developments that impact the Company or the Group. It is also the Board's policy that all corporate news, strategies and announcements be promptly disseminated through the SGXNET system. Press releases, annual reports, other various media and our contact details are provided in the corporate website (<http://www.yhigroup.com>) so as to allow shareholders to make well-informed investment decisions and maintain a regular dialogue channel with shareholders to gather views, input and address shareholders' concerns.

Provision 12.1

The Board believes that a high level of disclosure on a timely basis is essential for good corporate governance practice. The Executive Directors and the Group Chief Financial Officer are responsible for implementing the investor relations policy devised by the Board.

Provision 12.2

Where required, the Executive Directors and the Group Chief Financial Officer will meet up with analysts and investors after the half-yearly results are announced through the SGXNet system, to explain the financial performance, Group's strategy and major developments and to understand their views and concerns.

Provision 12.3

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company's customers, suppliers, employees and shareholders are its key stakeholders and they are symbolised by the Company's corporate logo. It has been the Company's core business and sustainability strategy of engaging and managing its relationship with the stakeholders in a fair, trust-based and responsible manner through hard work, dedication and commitment. The needs and interests of each group of stakeholders are properly balanced to ensure the best interests of the Company are served.

Provision 13.1

CORPORATE GOVERNANCE

The key areas of focus and engagement mechanisms adopted by the Company for each group of stakeholders in FY2022 are outlined as follows: Provision 13.2

Stakeholders	Areas of Focus	Engagement Mechanisms
Customers	Product quality, pricing and service rendered	Business meetings, customer visits, trade events and customer satisfaction surveys
Suppliers	Sales growth and market share	Business meetings and supplier visits
Employees	Remuneration, career growth and business performance	Management's meeting with employees, employee surveys and appraisals & discussions
Shareholders	Business growth, financial results and return on investment	Periodic financial announcements, annual report, annual general meeting and corporate website

The Company maintains a current corporate website (<http://www.yhigroup.com>), to communicate and engage with stakeholders. Provision 13.3

DEALINGS IN SECURITIES

In compliance with the Listing Manual of the SGX-ST, the Company has adopted and implemented a code of conduct governing securities transactions by its Directors and key officers.

Under the code of conduct, the Directors and key officers are prohibited from dealing in the Company's securities at least one (1) month before the announcement of the Company's half-year and full-year results until one (1) day after the release of the announcement.

The Directors and key officers are required to notify the Company of any dealings in the Company's securities (during the open window period) and within two (2) business days of the transaction(s). At all times, the Directors and key officers are aware that it is an offence to deal in securities of the Company and other companies when they are in possession of unpublished price-sensitive information in relation to those securities and that the law on insider trading applies to them at all times.

The code of conduct also ensures that no Director or key officer deals in the Company's securities on short-term considerations.

The Directors and key officers are periodically reminded of all requirements of the code of conduct and all applicable laws via the regular circulation of internal memoranda.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

In order to ensure that the Company complies with Chapter 9 of the Listing Manual of the SGX-ST on interested person transactions, the Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the transactions. The Audit Committee meets quarterly to review all interested person transactions of the Company.

The Company does not have a general mandate from shareholders pursuant to Rule 920 of the Listing Manual of the SGX-ST.

There was no interested person transaction exceeding S\$100,000 in value during the financial period from 1 January 2022 to 31 December 2022.

Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate (excluding transactions less than \$100,000)	Total
NA	Nil	Nil	Nil

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries for the benefit of the Directors or controlling shareholders during FY2022.

SUSTAINABILITY SUMMARY STATEMENT

At YHI Group, we are committed to consider sustainability issues as part of its strategic formulation and have identified our material Environment, Social and Governance (“ESG”) factors with sustainability factors in mind.

Our sixth sustainability report for the financial year ended 31 December 2022 (“FY2022”) (“Sustainability Report”) will be prepared with reference to the new Global Reporting Initiative (“GRI”) Sustainability Reporting Guidelines and is in line with the requirements on sustainability reporting under the Listing Manual of the Singapore Exchange Securities Trading Limited. Our Sustainability Report will include YHI’s stakeholder engagement mechanism to gather feedback as well as our policies, practices and actual performance on each material ESG factor in FY2022.

We look forward to updating you on our progress and the full Sustainability Report which will be available by end April 2023 at the URL <https://www.yhigroup.com/investor/sustainability-reports/> and the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

FINANCIAL CONTENTS

63

Directors' Statement

68

Independent Auditor's Report

72

Consolidated Income Statement

73

Consolidated Statement of Comprehensive Income

74

Balance Sheets - Group and Company

75

Consolidated Statement of Changes in Equity

76

Consolidated Statement of Cash Flows

78

Notes to the Financial Statements



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 72 to 140 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr Tay Tian Hoe Richard
Mr Tay Tiang Guan
Mr Hong Pian Tee
Mr Ong Kian Min
Ms Gn Jong Yuh Gwendolyn

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of Director			Holdings in which Director is deemed to have an interest		
	At 21.1.2023	At 31.12.2022	At 1.1.2022 or date of appointment, if later	At 21.1.2023	At 31.12.2022	At 1.1.2022 or date of appointment, if later
Company						
(No. of ordinary shares)						
Mr Tay Tian Hoe Richard ^{(1),(2)}	-	-	-	141,958,860	141,958,860	141,958,860
Mr Tay Tiang Guan ⁽³⁾	-	-	-	45,000,353	45,000,353	45,000,353
Mr Hong Pian Tee	659,800	659,800	659,800	-	-	-
Immediate and ultimate holding company						
- YHI Holdings Pte Ltd ⁽¹⁾						
(No. of ordinary shares)						
Mr Tay Tian Hoe Richard ^{(1),(2)}	691,917	691,917	691,917	-	-	-

Notes:

- ⁽¹⁾ As at the date of this statement, YHI Holdings Pte Ltd directly holds 128,021,860 shares of the Company.
- ⁽²⁾ As at the date of this statement, Mr Tay Tian Hoe Richard is interested in 691,917 shares of YHI Holdings Pte Ltd and accordingly is deemed interested in 128,021,860 shares of the Company held by YHI Holdings Pte Ltd and 13,937,000 shares of the Company held in the name of his nominees. Mr Tay Tian Hoe Richard is not directly interested in shares of the Company.
- ⁽³⁾ As at the date of this statement, Mr Tay Tiang Guan is deemed interested in 45,000,353 shares of the Company held in the name of his nominees. Mr Tay Tiang Guan is not directly interested in shares of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

- (b) Mr Tay Tian Hoe Richard, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group:

	At 31.12.2022	At 1.1.2022
YHI (Australia) Pty Limited		
- No. of ordinary shares	80,000	80,000
YHI (New Zealand) Limited		
- No. of ordinary shares	85,000	85,000
YHI Power Pty Limited		
- No. of ordinary shares	8,000	8,000
YHI Corporation (Thailand) Co., Ltd		
- No. of ordinary shares	24,500	24,500
Evo-Trend Corporation (Malaysia) Sdn Bhd		
- No. of ordinary shares	140,000	140,000
PTYHI Indonesia		
- No. of ordinary shares	288,000	288,000
YHI (Vietnam) Co., Ltd	VND	VND
- Share capital	5,624,100,000	5,624,100,000
YHI Corporation (Shanghai) Co., Ltd		
- Share capital	US\$360,000	US\$360,000
Pan-Mar Corporation D/B/A Konig (American)		
- Common stock	US\$142,500	US\$142,500
Advanti Racing USA, LLC		
- Common stock	US\$85,500	US\$85,500
YHI (East Malaysia) Sdn Bhd		
- No. of ordinary shares	400,000	400,000
YHI Logistics (Malaysia) Sdn Bhd		
- No. of ordinary shares	22,560,000	22,560,000
YHI Aung (Myanmar) Company Limited		
- No. of ordinary shares	51,000	51,000
YHI Distribution (Taiwan) Co., Ltd		
- Share capital	NTD 2,000,000	NTD 2,000,000

- (c) The directors' interests in the ordinary shares of the Company as at 21 January 2023 are shown in Note (a).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

SHARE OPTIONS

(a) 2021 YHI Share Option Scheme

The 2021 YHI Share Option Scheme (the "Scheme") was approved by members of the Company at an Extraordinary General Meeting on 29 November 2021. The purpose of the Scheme is to provide an opportunity for employees and executive directors of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and a higher standard of performance, and to give them due recognition.

The Scheme is administered by a committee comprising the Board of Directors including all members of the remuneration committee of the Company from time to time.

As at the date of the Statement, the members of the committee and the Board of Directors are Mr Tay Tian Hoe Richard, Mr Tay Tiang Guan, Mr Hong Pian Tee, Mr Ong Kian Min and Ms Gn Jong Yuh Gwendolyn.

Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to eligible participants nominated by the committee administering the Scheme at the relevant time. There are two categories of options: Market Price Option and the Incentive Option.

The exercise price of the Market Price Options is determined by taking the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for a period of five consecutive market days immediately preceding the date of the grant ("Market Price").

The exercise price of the Incentive Options is determined by the committee administering the Scheme at a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price.

The vesting period of the Market Price Options and Incentive Options are one and two years respectively from the grant date, and both categories of options expire ten years from the grant date. The options may be exercised in full or in part on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued shares of the Company excluding treasury shares and subsidiary holdings on the day preceding that date. The number of shares comprised in any options to be offered to a participant in the Scheme shall be determined at the absolute discretion of the committee administering the Scheme, who shall take into account criteria such as the rank, past performance, years of service, potential for future development and contribution of the participant.

On 24 December 2021, the Company granted Incentive Options to subscribe for 2,250,000 ordinary shares of the Company at an exercise price of \$0.39 per share ("2021 Options"). 50,000 incentive options were forfeited in the financial year ended 31 December 2022 and the remaining 2,200,000 incentive options are exercisable from 24 December 2023 and expires on 23 December 2031.

Under the Scheme, controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited) shall not be eligible to participate in the Scheme.

Under the Scheme, directors and employees of the parent company and its subsidiaries shall not be eligible to participate in the Scheme.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the 2021 YHI Share Option Scheme outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at 31.12.2022	Exercise price	Exercise period
2021 Options	2,200,000	\$0.39	24.12.2023 - 23.12.2031

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Hong Pian Tee (Chairman)
Mr Ong Kian Min
Ms Gn Jong Yuh Gwendolyn

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

TAY TIAN HOE RICHARD
Director

TAY TIANG GUAN
Director

28 March 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YHI INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of YHI International Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2022;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2022;
- the balance sheet of the Group and the balance sheet of the Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YHI INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Credit loss allowance on trade receivables</p> <p>As at 31 December 2022, the Group has trade receivables amounting to \$67,823,000 net of credit loss of \$6,790,000.</p> <p>Management judgement is required in assessing and determining the recoverability of trade receivables and adequacy of credit loss allowance made. They include estimating and evaluating the required lifetime expected credit losses under SFRS(I) 9 Financial Instruments.</p> <p>We focused on this area due to the management's judgement required in estimating the credit loss allowance.</p> <p>The key judgement and estimation on expected credit losses for trade receivables and the Group's credit risk management are disclosed in Notes 3(a) and 29(b) to the financial statements.</p>	<p>We evaluated management's assessment on the recoverability of the trade receivables and the adequacy of lifetime expected credit losses based on SFRS(I) 9. This includes the appropriateness of historical loss rate determined and adjusted for applicable forward looking information.</p> <p>We found the judgement and estimation used by management in determining the credit losses on trade receivables to be supportable based on available evidence.</p> <p>We also found that the disclosures provided in the financial statements as disclosed in Notes 3(a) and 29(b) to be appropriate.</p>

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YHI INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YHI INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Maurice Loh Seow Wee.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants Singapore,

28 March 2023

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Sales	4	430,892	444,718
Cost of sales	5	(332,741)	(338,879)
Gross profit		98,151	105,839
Other gains - net	4	14,080	7,794
Credit loss (allowance)/writeback on trade receivables		(3,217)	174
Expenses			
- Distribution	5	(39,429)	(41,486)
- Administrative	5	(42,007)	(44,028)
- Finance	6	(3,341)	(2,778)
Share of profit of associated companies		4,200	3,315
Profit before income tax		28,437	28,830
Income tax expense	8	(6,614)	(6,618)
Net profit		21,823	22,212
Profit attributable to:			
Equity holders of the Company		20,722	21,165
Non-controlling interests		1,101	1,047
		21,823	22,212
Earnings per share attributable to the equity holders of the Company			
- Basic	9	7.14 cents	7.29 cents
- Diluted	9	7.14 cents	7.29 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$'000	\$'000
Profit for the year	21,823	22,212
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
- Currency translation differences	(16,441)	(674)
Items that will not be reclassified subsequently to profit or loss:		
- Currency translation differences	(701)	(169)
Total comprehensive income for the year	4,681	21,369
Total comprehensive income attributable to:		
Equity holders of the Company	4,281	20,491
Non-controlling interests	400	878
	4,681	21,369

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

BALANCE SHEETS – GROUP AND COMPANY

AS AT 31 DECEMBER 2022

	Note	The Group		The Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank balances	10	60,576	84,854	6,775	6,430
Trade and other receivables	11	82,600	85,271	30,659	26,639
Inventories	12	135,350	128,929	-	-
		278,526	299,054	37,434	33,069
Disposal group held for sale	13	-	2,736	-	-
		278,526	301,790	37,434	33,069
Non-current assets					
Transferable club memberships		65	65	-	-
Investment in associated companies	14	27,432	22,766	-	-
Investments in subsidiaries	15	-	-	102,207	102,207
Property, plant and equipment	16	58,997	64,622	381	485
Right-of-use assets	17(a)	30,092	33,498	-	-
Investment properties	19	10,108	9,663	-	-
Intangible assets	20	2,594	2,751	-	-
Deferred income tax assets	8(c)	3,346	3,868	-	-
		132,634	137,233	102,588	102,692
Total assets		411,160	439,023	140,022	135,761
LIABILITIES					
Current liabilities					
Trade and other payables	21	47,841	46,956	2,313	2,092
Current income tax liabilities	8(b)	2,781	1,961	291	-
Derivative financial instruments	22	-	45	-	-
Borrowings	23	39,296	58,711	-	-
Lease liabilities	17(b)	5,663	5,801	-	-
		95,581	113,474	2,604	2,092
Non-current liabilities					
Borrowings	23	2,520	3,871	-	-
Lease liabilities	17(b)	22,739	25,172	-	-
Deferred income tax liabilities	8(c)	1,591	1,653	-	-
Other non-current liabilities		340	542	-	-
		27,190	31,238	-	-
Total liabilities		122,771	144,712	2,604	2,092
NET ASSETS		288,389	294,311	137,418	133,669
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	77,001	77,001	77,001	77,001
Treasury shares	24	(671)	(671)	(671)	(671)
Other reserves	25	(12,367)	3,779	269	-
Retained profits	26	216,422	206,180	60,819	57,339
		280,385	286,289	137,418	133,669
Non-controlling interests		8,004	8,022	-	-
Total equity		288,389	294,311	137,418	133,669

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	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			
2022								
Beginning of financial year		77,001	(671)	3,779	206,180	286,289	8,022	294,311
Profit for the year		-	-	-	20,722	20,722	1,101	21,823
Other comprehensive loss for the year		-	-	(16,441)	-	(16,441)	(701)	(17,142)
Total comprehensive (loss)/ income for the year		-	-	(16,441)	20,722	4,281	400	4,681
Employee share option scheme								
- Value of employee services		-	-	269	-	269	-	269
Dividends relating to 2021 paid		-	-	-	(10,454)	(10,454)	(418)	(10,872)
Transfer from retained profits to other reserves		-	-	26	(26)	-	-	-
End of financial year		77,001	(671)	(12,367)	216,422	280,385	8,004	288,389
2021								
Beginning of financial year		77,001	(671)	4,406	194,645	275,381	8,196	283,577
Profit for the year		-	-	-	21,165	21,165	1,047	22,212
Other comprehensive loss for the year		-	-	(674)	-	(674)	(169)	(843)
Total comprehensive (loss)/ income for the year		-	-	(674)	21,165	20,491	878	21,369
Dividends relating to 2020 paid	27	-	-	-	(9,583)	(9,583)	(1,052)	(10,635)
Transfer from retained profits to other reserves	25(b) (i)	-	-	47	(47)	-	-	-
End of financial year		77,001	(671)	3,779	206,180	286,289	8,022	294,311

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Net profit		21,823	22,212
Adjustments for:			
- Income tax expense		6,614	6,618
- Depreciation of property, plant and equipment and investment property		7,105	7,430
- Depreciation of right-of-use assets		6,701	6,858
- Amortisation of intangible assets		230	489
- Gain on disposal of property, plant and equipment		(299)	(224)
- Gain on disposal of disposal group held for sale		(5,680)	-
- Loss on early termination of leases		135	10
- Interest expense		3,341	2,778
- Interest income		(220)	(341)
- Share of profit of associated companies		(4,200)	(3,315)
- Fair value gain on derivative financial instruments		-	(74)
- Unrealised currency translation differences		(1,338)	89
Operating cash flow before working capital changes		34,212	42,530
Changes in working capital			
- Inventories		(14,743)	(29,984)
- Trade and other receivables		(2,242)	(5,073)
- Trade and other payables		4,352	4,024
Cash generated from operations		21,579	11,497
Interest received		220	341
Income tax paid		(5,672)	(6,358)
Net cash provided by operating activities		16,127	5,480
Cash flows from investing activities			
Dividends received from an associated company		1,490	1,867
Proceeds from sale of property, plant and equipment		621	973
Proceeds from sale of disposal group held for sale	A	4,327	-
Purchase of property, plant and equipment		(5,958)	(3,796)
Purchase of intangible assets		(108)	(213)
Net cash provided by/(used in) investing activities		372	(1,169)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(10,454)	(9,583)
Dividends paid to non-controlling interest		(418)	(1,052)
Interest paid		(3,341)	(2,778)
Proceeds from borrowings		9,182	21,659
Repayments of borrowings		(25,174)	(7,818)
Principal payment of lease liabilities		(5,967)	(6,275)
Net cash used in financing activities		(36,172)	(5,847)
Net decrease in cash and bank balances		(19,673)	(1,536)
Cash and bank balances at beginning of the financial year		83,642	84,512
Effects of currency translation on cash and bank balances		(3,393)	666
Cash and bank balances at end of the financial year	10	60,576	83,642
Consolidated cash and bank balances represented by			
Cash and bank balances		60,576	84,854
Less: Bank overdrafts		-	(1,212)
Cash and bank balances as per consolidated statement of cash flows	10	60,576	83,642

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of liabilities arising from financial activities

	Opening balance \$'000	Proceeds, principal and interest payments \$'000	Non-cash changes \$'000			Closing balance \$'000
			Movement during the year	Interest expense	Foreign exchange movement	
2022						
Bank borrowings	62,582	(19,244)	-	2,040	(3,562)	41,816
Lease liabilities	30,973	(7,268)	5,227	1,301	(1,831)	28,402
2021						
Bank borrowings	48,022	13,456	-	1,489	(385)	62,582
Lease liabilities	25,716	(7,564)	11,918	1,289	(386)	30,973

Note A – Sale of disposal group held for sale

During the year ended 31 December 2022, the Group completed the disposal of 51% shareholdings in Yokohama Tyre Sales Malaysia Sdn Bhd (“YTSM”) to The Yokohama Rubber Co Ltd, as well as the identified inventory, equipment, contracts and books relating to the extant trading of Yokohama products in Malaysia. While this constituted a sale of controlling rights, the Group still retains significant influence over YTSM and the 49% interest held in YTSM was equity accounted for as an associated company.

The effects of the disposal on the cash flows of the Group were:

	The Group
	2022
	\$'000
Carrying amounts of assets and liabilities disposed of:	
Cash and cash equivalents	675
Property, plant and equipment	89
Inventories	2,142
Goodwill	505
Total assets	<u>3,411</u>
Trade and other payables	<u>1</u>
Total liabilities	<u>1</u>
Net assets disposed of	<u>3,410</u>
	The Group
	2022
	\$'000
Net assets disposed of (as above)	3,410
Gain on disposal of disposal group held for sale	5,680
Amount accounted for as associated company	<u>(4,088)</u>
Sale consideration from disposal	5,002
Less: Cash and cash equivalents in a subsidiary disposed of	<u>(675)</u>
Net cash inflow on disposal	<u>4,327</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

YHI International Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is No. 2 Pandan Road, Singapore 609254.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 15 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Effective for annual periods beginning on or after 1 January 2022:

1 April 2021	Amendments to:
	- SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)
1 January 2022	Amendments to:
	- SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
	- SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use)
	- SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)
	- Annual improvements to SFRS(I)s 2018-2021

2.2 Revenue recognition

(a) Sale of goods – automotive and industrial products and alloy wheels

Sales are recognised at the point when control of the products has transferred to its customer, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed. For bill-and-hold arrangements, the customer does not exercise its right to take physical possession of the products. However, control of these products is transferred to the customer as long as this arrangement is requested by the customer; the customer has the ability to direct the use of the products upon request; and these products are uniquely identified and separated from the Group’s other inventory items in the warehouse.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(a) *Sale of goods – automotive and industrial products and alloy wheels* (continued)

Goods may be sold with retrospective volume discounts. Revenue from these sales are considered variable considerations and are recognised based on the price specified in the contract, net of the estimated highly probable volume discounts. No element of financing is deemed present as the sales are made with credit term principally ranging from 30-90 days, which is consistent with market practice. The Group's obligation to provide a refund for faulty products are under the standard warranty terms.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Contract liabilities are recognised for advance collections from customers. Revenue is recognised in relation to these contract liabilities when the performance obligation as mentioned above has been satisfied.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) **Associated companies** (continued)

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in the associated companies equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated companies. If the associated companies subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in the associated companies includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

2.5 Property, plant and equipment

(a) **Measurement**

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.7 on borrowing costs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Buildings on freehold land	50 years
Leasehold properties	3 to 50 years or over the lease term, whichever is shorter
Office equipment, plant and machinery	2 to 10 years
Motor vehicles	5 to 7 years
Renovation	5 to 10 years or over the lease term, whichever is shorter
Computers	2 to 5 years
Furniture and fittings	2 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains".

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated company is included in the carrying amount of the investment.

Gains and losses on the disposal of subsidiaries and associated company include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks

Trademarks acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 30 years.

The amortisation period and amortisation method of trademarks are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (continued)

(c) *Acquired computer software*

Acquired computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of two to five years.

The amortisation period and amortisation method of computer software are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of qualifying assets. This includes those costs on borrowings acquired specifically for the construction or development of qualifying assets, as well as those in relation to general borrowings used to finance the construction or development of qualifying assets.

2.8 Investment properties

Investment properties comprise of building and right-of-use asset relating to leasehold land that are held for long-term rental yields and/or capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 40 to 50 years. The residual values, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGUs") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets

Property, plant and equipment

Right-of-use assets

Investment property

Investments in subsidiaries and associated companies

Intangible assets, property, plant and equipment, right-of-use assets, investment property and investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement category:

- Amortised cost

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and lease receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- the amount of expected loss allowance computed using the impairment methodology under Note 2.11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.16 Leases

(a) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use asset which meets the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2.8.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (continued)

(a) When the Group is the lessee: (continued)

- Lease liabilities (continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 17.

(b) When the Group is the lessor:

The Group leases buggies under property, plant and equipment and land and building under investment properties as operating leases to non-related parties and an associated company.

- Lessor – Operating leases

Operating leases are where the Group retains substantially all risks and rewards incidental to ownership. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Changes in the estimated timing or amount of the expenditure are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund (“CPF”) on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) *Other long term benefits*

The measurement of these benefits follows that of post-employment defined benefits except that remeasurements are not recognised in other comprehensive income.

(d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) are credited to the share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees. The related balances previously recognised in the share option reserve are transferred to other reserves upon expiry or exercise of the options.

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (continued)

(b) *Transactions and balances* (continued)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "administrative expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to senior management whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.24 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share capital and treasury shares (continued)

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in other reserves.

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of trade receivables

As at 31 December 2022, the Group's trade receivables amounted to \$74,613,000 (2021: \$74,813,000) (Note 11), arising from the Group's different revenue segments – Distribution and Manufacturing. The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, customers are grouped based on shared credit risk characteristics.

In calculating the expected credit losses, estimation uncertainty is involved as the credit loss rates are determined based on a combination of historical loss experience, adjusted, where necessary, for current and forward looking macroeconomic factors, which involves judgements.

A credit loss allowance of \$6,790,000 (2021: \$4,779,000) for trade receivables was recognised as at 31 December 2022.

The Group's credit risk exposure for trade receivables by different revenue segment are set out in Note 29(b).

If the estimated loss rate for each age category were to increase by 0.5% (2021: 0.5%), an additional credit loss allowance of \$339,000 (2021: \$ 352,000) would have been recognised.

(b) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The carrying amounts of the Group's goodwill balances are disclosed in Note 20.

The recoverable amount of goodwill has been determined based on the value-in-use of cash-generating units. These calculations require the use of estimates and assumptions (Note 20). Reasonably possible changes in those estimates at the balance sheet date do not result in any impairment of the goodwill.

(c) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group has open tax assessments with tax authorities at the balance sheet date. Management believes that the tax positions are sustainable. The tax liabilities recorded reflect the assessment undertaken by management under the respective tax positions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(d) Conditional sales and purchase agreement for the disposal of Yokohama Tyre Sales Malaysia Sdn Bhd (“YTSM”)

In December 2021, the Group, via its wholly-owned subsidiary YHI (Malaysia) Sdn Bhd (“YHIM”), signed a sale and purchase agreement with The Yokohama Rubber Co Ltd (“YRC”) to dispose of 51% shareholdings of YTSM at a consideration of RM15,300,000 (approximately S\$5,002,000). The completion of the transaction is subject to conditions precedent to be fulfilled.

Those conditions include amongst others the completion of the transfer of identified inventory, equipment, contracts and books relating to the existing trading of Yokohama products in YHIM (the “YTSM operations”), and obtaining of all relevant business and operating licenses for the places of business.

As at 31 December 2021, as the conditions precedent were not yet fulfilled, management has assessed that the disposal of the 51% shareholding interest to have not taken place.

The identified assets to be transferred under the agreement has been reclassified as disposal group held for sale (Note 13). There were no write-down of the identified assets to fair value less cost to sell upon the reclassification of these assets as disposal group held for sale. The disposal group was presented as part of the ASEAN distribution segment (Note 32).

The YTSM operations does not represent a separate major line of business or geographical area of operation, and accordingly, was not presented as discontinued operations.

In January 2022, the Group has completed the disposal of 51% shareholdings in YTSM to YRC. This constituted a sale of controlling rights. As the Group shall retain significant influence over YTSM, the 49% interest held in YTSM is equity accounted for as an associated company in the financial year ending 31 December 2022. A gain on disposal of S\$5,680,000 (Note 4) represented by the excess of sales proceeds and the fair value of interest retained by the Group over the carrying value of disposal group sold, has been recorded during the financial year ended 31 December 2022.

4. REVENUE AND OTHER GAINS

	Group	
	2022	2021
	\$'000	\$'000
<u>At a point in time</u>		
Sale of goods		
- Automotive and industrial products (Distribution)		
North-east Asia	19,008	27,937
ASEAN	138,432	144,068
Oceania	144,009	137,464
Other	22,286	20,027
	323,735	329,496
- Alloy wheels (Manufacturing)		
North-east Asia	60,022	75,426
ASEAN	47,135	39,796
	107,157	115,222
Total sales	430,892	444,718

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE AND OTHER GAINS (CONTINUED)

	Group	
	2022	2021
	\$'000	\$'000
Other gains:		
- Rental income	5,390	4,401
- Interest income from banks	220	341
- Gain on disposal of property, plant and equipment	299	224
- Gain on disposal of disposal group held for sale	5,680	-
- Fair value gain on derivative financial instruments (Note 22)	-	74
- Government grant income	65	1,169
- Other	2,426	1,585
Total other gains	14,080	7,794

Grant income for the financial year ended 31 December 2021 mainly pertained to wage support schemes in relation to COVID-19 provided by the governments in the various regions.

5. EXPENSES BY NATURE

	Group	
	2022	2021
	\$'000	\$'000
Amortisation of intangible assets [Note 20(b),(c)]	230	489
Depreciation of property, plant and equipment (Note 16)	6,671	7,010
Depreciation of investment property (Note 19)	434	420
Depreciation of right-of-use assets [Note 17(a)]	6,701	6,858
Changes in inventories of raw materials, work-in-progress and finished goods	6,421	26,849
Purchases of raw materials, finished goods and consumables	307,099	289,931
Write-down of inventories	1,756	1,067
Transportation and travelling	3,527	2,883
Advertising and promotion	2,734	3,847
Commission charges	4,340	4,373
Employee compensation (Note 7)	54,757	58,639
Directors' fees	226	315
Repair and maintenance	1,523	1,276
Rental on leases for premises [Note 17(d)]	349	396
Currency translation (gain)/loss - net	(2,044)	294
Others	19,453	19,746
Total cost of sales, distribution and administrative expenses	414,177	424,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. FINANCE EXPENSES

	Group	
	2022	2021
	\$'000	\$'000
Interest expense:		
- Bank loans	689	1,095
- Bank overdrafts	23	26
- Trust receipts	1,328	368
- Lease liabilities	1,301	1,289
	<u>3,341</u>	<u>2,778</u>

7. EMPLOYEE COMPENSATION

	Group	
	2022	2021
	\$'000	\$'000
Wages and salaries	50,661	54,624
Employer's contribution to defined contribution plans including Central Provident Fund	3,734	3,974
Other long-term benefits	93	41
Share option expense [Note 25(b)(ii)]	269	-
	<u>54,757</u>	<u>58,639</u>

8. INCOME TAX

(a) Income tax expense

	Group	
	2022	2021
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	740	560
- Foreign	4,847	5,386
	<u>5,587</u>	<u>5,946</u>
Deferred income tax [Note 8(c)]	266	783
	<u>5,853</u>	<u>6,729</u>
Under/(over) provision in previous financial years		
- Current income tax	648	(212)
- Deferred income tax [Note 8(c)]	113	101
	<u>6,614</u>	<u>6,618</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INCOME TAX (CONTINUED)

(a) *Income tax expense* (continued)

The tax on the Group's profit differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit before income tax	28,437	28,830
Less:		
Share of profit of associates, net of tax	(4,200)	(3,315)
Profit before tax and share of profit of associate companies	<u>24,237</u>	<u>25,515</u>
Tax calculated at a tax rate of 17% (2021: 17%)	4,120	4,338
Effects of:		
- Singapore statutory stepped income exemption	(52)	(35)
- Effects of different tax rates in other countries	1,530	1,560
- Withholding tax	426	646
- Expenses not deductible for tax purposes	307	647
- Income not subject to tax	(279)	(578)
- Tax incentive	(6)	(50)
- Tax losses for which no deferred income tax asset was recognised	140	486
- Utilisation of previously unrecognised tax losses	(438)	(492)
- Deferred tax liability on an associated company's unremitted profits	64	96
- Under/(over) provision of income tax in prior years	761	(111)
- Others	41	111
Tax charge	<u>6,614</u>	<u>6,618</u>

(b) *Current income taxes*

	Group		Company	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Tax recoverable assets (Note 11)	<u>(1,583)</u>	(916)	-	-
Current income tax liabilities	<u>2,781</u>	1,961	<u>291</u>	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INCOME TAX (CONTINUED)

(c) *Deferred income taxes*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2022	2021
	\$'000	\$'000
Deferred income tax assets	(3,346)	(3,868)
Deferred income tax liabilities	1,591	1,653

Movement in deferred income tax account is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Beginning of financial year	(2,215)	(3,220)
Currency translation differences	81	121
Charged to income statement [Note 8(a)]	379	884
End of financial year	(1,755)	(2,215)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	
	2022	2021
	\$'000	\$'000
Beginning of financial year	1,653	1,475
Currency translation differences	(181)	(29)
Charged to income statement	119	207
End of financial year	1,591	1,653

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INCOME TAX (CONTINUED)

(c) *Deferred income taxes* (continued)

Deferred income tax assets

	Provisions	Excess of tax written- down value over net book value	Other	Total
	\$'000	\$'000	\$'000	\$'000
2022				
Beginning of financial year	(3,666)	40	(242)	(3,868)
Currency translation differences (Credited)/charged to income statement	173 (17)	90 -	(1) 277	262 260
End of financial year	<u>(3,510)</u>	<u>130</u>	<u>34</u>	<u>(3,346)</u>
2021				
Beginning of financial year	(3,272)	(204)	(1,219)	(4,695)
Currency translation differences (Credited)/charged to income statement	(1) (393)	(48) 292	199 778	150 677
End of financial year	<u>(3,666)</u>	<u>40</u>	<u>(242)</u>	<u>(3,868)</u>

The Group has unrecognised tax losses of \$8,314,000 (2021: \$15,573,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date except for amounts of \$3,026,000 (2021: \$9,978,000) which will expire between 2023 and 2032 (2021: 2022 and 2026).

The cumulative retained earnings of \$38,246,000 (2021: \$34,808,000) for which deferred tax liabilities arising on temporary differences associated with overseas investments in subsidiaries have not been recognised as there is no current intention of remitting the retained earnings of these subsidiaries to the holding company in the foreseeable future.

(d) There is no tax charge relating to each component of other comprehensive income.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Net profit attributable to equity holders of the Company (\$'000)	<u>20,722</u>	21,165
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<u>290,400</u>	290,400
Basic earnings per share	<u>7.14 cents</u>	7.29 cents

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share is the same as basic earnings per share.

The share options granted on 24 December 2021 (Note 24) are not included in the calculation of diluted earnings per share because they are antidilutive for the financial years ended 31 December 2022 and 31 December 2021. These options could potentially dilute basic earnings per share in the future.

10. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	55,030	83,197	4,770	6,430
Short-term bank deposits	5,546	1,657	2,005	-
	60,576	84,854	6,775	6,430

For the purposes of presenting the consolidated statement of cash flows, the consolidated cash and bank balances comprise the following:

	Group	
	2022	2021
	\$'000	\$'000
Cash and bank balances (as above)	60,576	84,854
Less: Bank overdrafts (Note 23)	-	(1,212)
Cash and bank balances per consolidated statement of cash flows	60,576	83,642

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	73,734	73,245	-	-
- An associated company	879	1,568	-	-
	74,613	74,813	-	-
Less: Credit loss allowance	(6,790)	(4,779)	-	-
Trade receivables - net	67,823	70,034	-	-
Due from subsidiaries (non-trade) [Note (a)]	-	-	30,644	26,624
Deposits	1,103	1,205	-	-
Prepayments	6,857	8,801	13	12
Lease receivables	861	1,003	-	-
Other receivables	4,373	3,312	2	3
Tax recoverable assets [Note 8(b)]	1,583	916	-	-
Total	82,600	85,271	30,659	26,639

Trade receivables as at 1 January 2021 amounted to \$66,175,000, net of credit loss of \$5,255,000.

(a) The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. INVENTORIES

	Group	
	2022	2021
	\$'000	\$'000
Materials and supplies	14,801	12,684
Work-in-progress	5,174	5,715
Finished goods	115,375	110,530
	135,350	128,929

The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$313,520,000 (2021: \$316,780,000).

The Group has written down inventories amounting to \$1,756,000 (2021: \$2,078,000) and the amount has been included in “cost of sales”.

13. DISPOSAL GROUP HELD FOR SALE

	Group	
	2022	2021
	\$'000	\$'000
Plant and equipment [Note (a)]	-	89
Inventories [Note (a)]	-	2,142
Goodwill [Note (b)]	-	505
	-	2,736

(a) These assets were identified to be transferred in accordance with the sale and purchase agreement between YHIM and YRC [Note 3(d)].

(b) This pertains to the goodwill allocated to the Malaysian distribution business sold under Note (a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2022	2021
	\$'000	\$'000
Carrying value of Group's investment in associated companies	27,432	22,766

Set out below are the associated companies of the Group as at 31 December 2022, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the country of incorporation is also their respective principal place of business.

Name	Principal activities	Country of business/ incorporation	Effective equity holding	
			2022	2021
			%	%
<i>Held by a subsidiary:</i>				
(a) O.Z. S.p.A	Investment holding, manufacturer, importer, exporter and distributor of alloy wheels	Italy	35.51	35.51
(b) Yokohama Tyre Sales Malaysia Sdn Bhd	Distribution of tyres and related goods	Malaysia	49.0	-
(a)	Audited by Deloitte and Touche, Italy.			
(b)	Audited by PricewaterhouseCoopers PLT, Malaysia			

There are no contingent liabilities relating to the Group's interest in the associated company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Set out below are the summarised financial information of the associated companies.

Summarised balance sheet

	O.Z. S.p.A		Yokohama Tyre Sales Malaysia Sdn Bhd	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current assets	64,147	70,332	16,897	-
Current liabilities	(25,051)	(30,593)	(11,908)	-
Non-current assets	30,528	33,065	5,856	-
Non-current liabilities	(6,800)	(8,692)	(389)	-
Net assets	62,824	64,112	10,456	-

Summarised statement of comprehensive income

	O.Z. S.p.A		Yokohama Tyre Sales Malaysia Sdn Bhd	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue	96,254	97,384	40,101	-
Expenses				
Includes:				
- Depreciation and amortisation	(4,444)	(4,273)	(744)	-
- Interest expense	(54)	(160)	-	-
Profit before income tax	11,890	12,653	2,968	-
Income tax expense	(3,070)	(3,318)	(788)	-
Profit for the year and total comprehensive income	8,820	9,335	2,180	-
Dividends received from associated companies	1,490	1,867	-	-

The information above reflects the amounts presented in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for fair value adjustments made at the time of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associated companies, is as follows:

	O.Z. S.p.A		Yokohama Tyre Sales Malaysia Sdn Bhd	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net assets	62,824	64,112	10,456	-
Group's equity interest	35.51%	35.51%	49.0%	-
Carrying value of Group's investment in associated companies	22,309	22,766	5,123	-

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
<i>Equity investment at cost</i>		
Beginning and end of financial year	102,207	102,207

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2022 and 2021:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
<i>Held by the Company:</i>								
(a) YHI Manufacturing (Singapore) Pte Ltd	Investment holding, import and export of alloy wheels and related goods	Singapore	100	100	100	100	-	-
(a) YHI Corporation (Singapore) Pte Ltd	Importer, exporter and distributor of tyres, alloy wheels and related goods and industrial batteries	Singapore	100	100	100	100	-	-
(b) YHI (Malaysia) Sdn Bhd	Importer and distributor of tyres, alloy wheels and related goods	Malaysia	100	100	100	100	-	-
(c) YHI (China) Strategy Company Limited	Investment holding and trading of batteries	Hong Kong	100	100	100	100	-	-
(c) YHI (Hong Kong) Co., Limited	Trading of tyres, alloy wheels and batteries	Hong Kong	100	100	100	100	-	-
(d) YHI International (Taiwan) Co., Ltd.	Manufacturing, distribution and export of alloy wheels	Taiwan	100	100	100	100	-	-
(e) YHI (Australia) Pty Limited	Importer and distributor of tyres, alloy wheels and related goods	Australia	80	80	80	80	20	20
(f) YHI (New Zealand) Limited	Importer and distributor of tyres, alloy wheels and related goods	New Zealand	85	85	85	85	15	15
(g) YHI Power Pty Limited	Importer and distributor of industrial batteries	Australia	80	80	80	80	20	20
(a) YHI Logistics (Singapore) Pte Ltd*	Investment holding and value-added logistics provider	Singapore	100	100	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2022	2021	2022	2021	2022	2021
<i>Held by the subsidiaries:</i>								
(h) YHI Manufacturing (Shanghai) Co., Ltd	Rental of investment property	People's Republic of China	-	-	100	100	-	-
(h) YHI Precision Moulding (Shanghai) Co., Ltd*	Manufacturing and supply of alloy wheels moulds	People's Republic of China	-	-	100	100	-	-
(h), (i) YHI Advanti Manufacturing (Suzhou) Co., Ltd	Manufacturing, distribution and export of alloy wheels	People's Republic of China	-	-	100	100	-	-
(b) YHI Manufacturing (Malaysia) Sdn Bhd	Manufacturing, distribution and export of alloy wheels	Malaysia	-	-	100	100	-	-
(a) YHI (America) Pte Ltd	Investment holding	Singapore	-	-	100	100	-	-
(l) Pan-Mar Corporation D/B/A Konig (American)	Importer, exporter and distributor of tyres, alloy wheels and related goods	United States of America	-	-	95	95	5	5
(j) YHI Corporation (Thailand) Co., Ltd	Distribution of tyres, alloy wheels and related goods	Thailand	-	-	49	49	51	51
(b) Evo-Trend Corporation (Malaysia) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Malaysia	-	-	70	70	30	30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2022	2021	2022	2021	2022	2021
<i>Held by the subsidiaries (continued):</i>								
(k) YHI Corporation (Guangzhou) Co., Ltd	Distribution of tyres, alloy wheels and related goods	People's Republic of China	-	-	100	100	-	-
(m) Advanti Racing USA, LLC	Wholesale distribution of automotive parts, tyres and accessories	United States of America	-	-	86	86	14	14
(n) PT YHI Indonesia	Distribution of tyres, alloy wheels and related goods	Indonesia	-	-	90	90	10	10
(o) YHI Corporation (B) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Negara Brunei Darussalam	-	-	100	100	-	-
(h) YHI Corporation (Shanghai) Co., Ltd	Distribution of tyres, alloy wheels and related goods	People's Republic of China	-	-	90	90	10	10
(b) YHI (East Malaysia) Sdn Bhd	Trading of tyres, rims and all kinds of auto spare parts	Malaysia	-	-	80	80	20	20
(b) YHI Power (Malaysia) Sdn Bhd	Trading of batteries, golf carts and all kinds of auto spare parts	Malaysia	-	-	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2022	2021	2022	2021	2022	2021
			%	%	%	%	%	%
<i>Held by the subsidiaries (continued):</i>								
(h) YHI Advanti (Shanghai) Co., Ltd	Importer, exporter and distributor of alloy wheels and related goods	People's Republic of China	-	-	100	100	-	-
(b) YHI Advanti Manufacturing (Malaysia) Sdn Bhd	Manufacturing, distribution and export of alloy wheels	Malaysia	-	-	100	100	-	-
(p) YHI (Vietnam) Co., Ltd	Distribution of tyres, alloy wheels and related goods	Vietnam	-	-	90	90	10	10
(q) YHI (Philippines) Inc.	Distribution of tyres, alloy wheels and related goods	Philippines	-	-	100	100	-	-
(b) YHI Logistics (Malaysia) Sdn Bhd*	Value-added logistics provider	Malaysia	-	-	94	94	6	6
(r) YHI Aung (Myanmar) Company Limited	Consultancy services, technology related services and marketing services	Myanmar	-	-	51	51	49	49
(s) YHI Distribution (Taiwan) Co., Ltd	Importer and distributor of tyres	Taiwan	-	-	80	80	20	20
(b) Yokohama Tyre Sales Malaysia Sdn Bhd	Distribution of tyres and related goods	Malaysia	-	-	-	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (a) Audited by PricewaterhouseCoopers LLP, Singapore
- (b) Audited by SE Lai CK Chartered Accountants, Malaysia
- (c) Audited by Wilson Ho & Co. C.P.A., Hong Kong
- (d) Audited by KPMG, Taiwan
- (e) Audited by Littlewoods Chartered Accountant, Australia
- (f) Audited by PricewaterhouseCoopers, New Zealand
- (g) Audited by Lamb Lowe & Partners, Australia
- (h) Audited by Shanghai Weizhong Yongguang Certified Public Accountants Co., Ltd, China
- (i) Audited by PricewaterhouseCoopers network firms outside Singapore for the purposes of preparation of consolidated financial statements
- (j) YHI Corporation (Thailand) Co Ltd ("YHIT") is regarded as a subsidiary on the basis of majority representation on the board of directors of YHIT (i.e. de-facto control). Hence, the Group has power over the subsidiary, exposure to variable returns from its involvement with the subsidiary and has the ability to use its power over the subsidiary to affect its returns. This subsidiary is audited by Adisorn & Associates Ltd, Thailand
- (k) Audited by Guangzhou Shucheng Certified Public Accountants Co., Ltd. for local statutory purposes. For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Wilson Ho & Co. C.P.A., Hong Kong
- (l) Audited by Moss-Levy Hartzheim, LLP CAP's, United States of America
- (m) Not required to be audited under laws of the country of incorporation
- (n) Audited by Krisnawan Nugroho & Fahmy, Indonesia
- (o) Audited by Lee & Raman (CPA), Brunei Darussalam
- (p) Audited by Tin Viet Auditing and Consulting Company Limited, Vietnam
- (q) Audited by Morfe, Ceneta & Co., Certified Public Accountants, Philippines
- (r) Audited by ACA Audit Firm, Yangon
- (s) Audited by Horng Yow & Co., CPAS, Taiwan

* Dormant

For the subsidiaries not audited by PricewaterhouseCoopers LLP, Singapore and its network firms, the Board of Directors and the Audit Committee are satisfied with the appointment of their auditors in accordance with Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Carrying value of non-controlling interests

	2022	2021
	\$'000	\$'000
YHI (Australia) Pty Limited	3,120	3,366
YHI (New Zealand) Limited	2,486	2,579
YHI Power Pty Limited	2,357	2,254
Other subsidiaries with immaterial non-controlling interests	41	(177)
	8,004	8,022

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		YHI Power Pty Limited	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current						
Assets	36,181	34,840	24,065	20,735	22,211	22,680
Liabilities	(22,601)	(20,581)	(9,871)	(5,652)	(12,855)	(13,430)
Total current net assets	13,580	14,259	14,194	15,083	9,356	9,250
Non-current						
Assets	8,107	8,927	11,815	12,758	4,709	4,947
Liabilities	(5,116)	(5,994)	(10,411)	(11,012)	(2,279)	(2,929)
Total non-current net assets	2,991	2,933	1,404	1,746	2,430	2,018
Net assets	16,571	17,192	15,598	16,829	11,786	11,268

Summarised income statement

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		YHI Power Pty Limited	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	56,530	55,504	32,755	29,626	54,903	52,340
Profit/(loss) before income tax	2,841	3,565	7	(1,412)	2,034	4,519
Income tax expense	(802)	(1,007)	-	-	(615)	(1,360)
Profit/(loss) for the year and total comprehensive income	2,039	2,558	7	(1,412)	1,419	3,159
Total comprehensive income/ (loss) allocated to non- controlling interests	306	384	1	(282)	284	632
Dividends paid to non- controlling interests	192	168	-	505	-	123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		YHI Power Pty Limited	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net cash generated from/ (used in) operating activities	1,623	(4,362)	2,123	1,091	2,579	548
Net cash (used in)/generated from investing activities	(429)	(279)	939	(131)	(1,190)	399
Net cash (used in)/generated from financing activities	(150)	4,208	(1,692)	(4,353)	(168)	(1,660)
Net increase /(decrease) in cash and bank balances	1,044	(433)	1,370	(3,393)	1,221	(713)
Cash and bank balances at beginning of year	(98)	345	2,588	6,185	410	1,162
Exchange gains/(losses) on cash and bank balances	8	(10)	(190)	(204)	(30)	(38)
Cash and bank balances at end of year	954	(98)	3,768	2,588	1,601	411

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicle	
	2022	2021
	\$'000	\$'000
<hr/>		
<u>Company</u>		
<i>Cost</i>		
Beginning of financial year	522	352
Additions	-	520
Disposals	-	(350)
End of financial year	522	522
	<hr/>	
<i>Accumulated depreciation</i>		
Beginning of financial year	37	352
Depreciation charge	104	35
Disposals	-	(350)
End of financial year	141	37
	<hr/>	
Net book value		
End of financial year	381	485

- (a) Bank borrowings (Note 23) are secured on property, plant and equipment of the Group with carrying amounts as follows:

	Group	
	2022	2021
	\$'000	\$'000
<hr/>		
Freehold land	-	499
Buildings on freehold land	-	397
Leasehold properties	18,370	19,410
Plant and machinery	449	581
Office equipment	1,460	2,013
	20,279	22,900

17. LEASES - THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Buildings

The Group leases office space and warehouses for the purpose of back office operations and storage of inventory respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (continued)

Leasehold land

The Group makes annual lease payments for a leasehold land, which houses the Group's head office building and warehouse at 2 Pandan Road.

The Group has also made upfront payments to secure the right-of-use of various foreign leasehold land which houses some of the Group's manufacturing operations.

Vehicles and equipment

The Group leases vehicles for delivery of goods, and leases equipment (e.g. photocopiers) for the Group's back office operations.

(a) Right-of-use assets

	Leasehold land	Office and warehouse	Motor vehicles	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>					
2022					
<i>Cost</i>					
As at 1 January 2022	13,628	33,084	922	202	47,836
Currency translation differences	(598)	(2,294)	(69)	(14)	(2,975)
Additions	169	4,736	261	-	5,166
Disposals	-	(1,984)	(63)	-	(2,047)
End of financial year	<u>13,199</u>	<u>33,542</u>	<u>1,051</u>	<u>188</u>	<u>47,980</u>
<i>Accumulated depreciation</i>					
As at 1 January 2022	3,133	10,611	512	82	14,338
Currency translation differences	(205)	(916)	(47)	(9)	(1,177)
Depreciation charge during the year (Note 5)	615	5,789	247	50	6,701
Disposals	-	(1,911)	(63)	-	(1,974)
End of financial year	<u>3,543</u>	<u>13,573</u>	<u>649</u>	<u>123</u>	<u>17,888</u>
Net book value					
End of financial year	<u>9,656</u>	<u>19,969</u>	<u>402</u>	<u>65</u>	<u>30,092</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(a) Right-of-use assets (continued)

	Leasehold land	Office and warehouse	Motor vehicles	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>					
2021					
<i>Cost</i>					
As at 1 January 2021	13,469	26,455	940	212	41,076
Reclassification to property, plant and equipment (Note 16)	-	-	(54)	-	(54)
Currency translation differences	159	(610)	(26)	(3)	(480)
Additions	-	11,672	356	90	12,118
Disposals	-	(4,433)	(294)	(97)	(4,824)
End of financial year	13,628	33,084	922	202	47,836
<i>Accumulated depreciation</i>					
As at 1 January 2021	2,458	9,252	591	123	12,424
Reclassification to property, plant and equipment (Note 16)	-	-	(34)	-	(34)
Currency translation differences	51	(320)	(24)	(3)	(296)
Depreciation charge during the year (Note 5)	624	5,912	273	49	6,858
Disposals	-	(4,233)	(294)	(87)	(4,614)
End of financial year	3,133	10,611	512	82	14,338
Net book value					
End of financial year	10,495	22,473	410	120	33,498

	2022	2021
	\$'000	\$'000
(b) Lease liabilities		
Current	5,663	5,801
Non-current	22,739	25,172
	28,402	30,973
	2022	2021
	\$'000	\$'000
(c) Interest expense		
Interest expense on lease liabilities	1,301	1,289
	2022	2021
	\$'000	\$'000
(d) Lease expense not capitalised in lease liabilities		
Lease expense – short-term leases	10	12
Variable lease payments which do not depend on an index or rate	339	384
Total (Note 5)	349	396

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(e) Total cash outflow for all the leases in 2022 was \$7,617,000 (2021: \$7,960,000).

(f) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

The leases for certain warehouses contain variable lease payments that are based on area occupied. Such variable lease payments are recognised to profit or loss when incurred and amounted to \$339,000 (2021: \$384,000) [Note 17(d)] for the financial year ended 31 December 2022.

ii. Extension options

The leases for certain office spaces and warehouses contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The majority of the extension options are exercisable by the Group and not by the lessor.

As at 31 December 2022, potential future (undiscounted) cash outflows of approximately \$11,232,000 (2021: \$6,468,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

18. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned buggies and investment properties to third parties for monthly lease payments. These leases are classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 19.

Undiscounted lease payments from the leases of buggies and investment properties to be received after the reporting date are as follows:

	31 December 2022	31 December 2021
	\$'000	\$'000
Less than one year	3,845	3,439
One to two years	3,717	3,274
Two to three years	3,262	3,269
Three to four years	3,314	3,269
Four to five years	1,705	3,367
Later than five years	-	1,733
Total undiscounted lease payment	15,843	18,351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT PROPERTIES

	Group	
	2022	2021
	\$'000	\$'000
<u>Cost</u>		
Beginning of financial year	17,555	16,801
Currency translation differences	(1,564)	754
Transferred from property, plant and equipment at carrying amount (Note 16)	2,214	-
End of financial year	18,205	17,555
<u>Accumulated depreciation</u>		
Beginning of financial year	7,892	7,139
Currency translation differences	(723)	333
Depreciation (Note 5)	434	420
Transferred from property, plant and equipment at carrying amount (Note 16)	494	-
End of financial year	8,097	7,892
Net book value		
End of financial year	10,108	9,663
Fair value		
End of financial year	29,824	26,542

The following amounts are recognised in profit or loss:

	Group	
	2022	2021
	\$'000	\$'000
Rental income	3,265	3,266
Direct operating expenses arising from:		
- Investment property that generate rental income	(113)	(46)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description	Tenure
No 611 Shen Fu Road, Shanghai 201108, PRC	Leasehold land and building	50 years lease from 14 June 1999
15, Jalan Jurutera U1/23, Seksyen U1, HICOM-Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia	Freehold land and building	-
20, Jalan Mutiara Emas 7/5, Taman Mount Austin, 81100 Johor Bahru	Freehold land and building	-
12, Lorong Kikik 9, Taman Inderawasih, 13600 Prai, Pulau Pinang, Malaysia	Freehold land and building	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy

Description	Fair value measurements at 31 December using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$'000	\$'000	\$'000
2022			
Recurring fair value measurements			
Investment properties:			
- Leasehold land and building - China	-	-	23,983
- Freehold land and building - Malaysia	-	-	5,841
2021			
Recurring fair value measurements			
Investment properties:			
- Leasehold land and building - China	-	-	26,542

The fair value disclosed above are based on Level 3, derived based on sales comparison and replacement cost methods for land and building respectively.

Under sales comparison method, sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

The replacement cost method is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. The most significant input in this valuation approach is the Consumer Price Index.

20. INTANGIBLE ASSETS

Composition:

	Group	
	2022	2021
	\$'000	\$'000
Goodwill arising on consolidation [Note (a)]	1,153	1,164
Trademark [Note (b)]	1,133	1,195
Computer software [Note (c)]	308	392
	2,594	2,751

Amortisation expense is included in the "Administrative expenses" on the Consolidated Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on consolidation

	Group	
	2022	2021
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	1,934	2,443
Reclassification to disposal group held for sale (Note 13)	-	(505)
Currency translation differences	(11)	(4)
End of financial year	<u>1,923</u>	<u>1,934</u>
<i>Accumulated impairment</i>		
Beginning and end of financial year	<u>770</u>	<u>770</u>
<i>Net book value</i>	<u>1,153</u>	<u>1,164</u>

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

	Distribution of automotive and industrial products	
	2022	2021
	\$'000	\$'000
Singapore	881	881
China/Hong Kong	59	59
New Zealand	213	224
	<u>1,153</u>	<u>1,164</u>

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the automotive business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Distribution of automotive and industrial products Singapore	
	2022	2021
Terminal growth rate	2.5%	2.5%
Pre-tax discount rate	11.2%	12.2%

These assumptions were used for the analysis of each CGU within the business segment. Management determined average growth rates used were consistent with forecasts for the relevant countries' inflationary or gross domestic product growth rate. The discount rate used was pre-tax and reflected specific risks relating to the segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. INTANGIBLE ASSETS (CONTINUED)

(b) Trademark

	Group	
	2022	2021
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	2,063	1,861
Additions	-	202
End of financial year	2,063	2,063
<i>Accumulated amortisation</i>		
Beginning of financial year	868	806
Amortisation charge (Note 5)	62	62
End of financial year	930	868
<i>Net book value</i>	1,133	1,195

(c) Computer software

	Group	
	2022	2021
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	2,382	2,370
Currency translation differences	(90)	1
Additions	108	11
End of financial year	2,400	2,382
<i>Accumulated amortisation</i>		
Beginning of financial year	1,990	1,572
Currency translation differences	(66)	(9)
Amortisation charge (Note 5)	168	427
End of financial year	2,092	1,990
<i>Net book value</i>	308	392

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade payables to				
- Non-related parties	27,897	21,377	-	-
- An associated company	1	32	-	-
	27,898	21,409	-	-
Due to directors (non-trade) [Note (a)]	1,574	1,519	1,574	1,519
Accrued operating expenses	7,411	7,299	661	554
Provision for employees leave benefits [Note (b)]	2,637	2,419	-	-
Other payables	7,210	13,157	78	19
Contract liabilities [Note (c)]	1,111	1,153	-	-
	47,841	46,956	2,313	2,092

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) This amount relates primarily to performance bonus payable to the Executive Director of the Company based on the results of the financial year ended pursuant to the service agreement between the Executive Director and the Company.
- (b) The non-current portion of employees leave benefits amount to \$340,000 (2021: \$542,000).
- (c) *Revenue recognised in relation to contract liabilities*

	2022	2021
	\$'000	\$'000
<i>Revenue recognised in current period that was included in the contract liability balance at the beginning of the period</i>	1,153	1,333

The contract liabilities relate to advance payments received from customers before the goods are delivered to them. Revenue will be recognised when the goods are delivered to the customers. Contract liabilities balance as at 1 January 2021 was \$1,333,000.

The decrease in contract liabilities balances is mainly due to fewer contracts in which the Group billed and received consideration ahead of the delivery of products closer to end of the financial period.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount	Group Fair value	
	\$'000	Asset \$'000	Liability \$'000
2022			
<i>Non-hedging instruments</i>			
- Currency forwards	4,706	-	-
Less: Current portion		-	-
Non-current portion		-	-
	Contract notional amount	Group Fair value	
	\$'000	Asset \$'000	Liability \$'000
2021			
<i>Non-hedging instruments</i>			
- Currency forwards	8,354	-	45
Less: Current portion		-	(45)
Non-current portion		-	-

The currency forwards are derivative financial instruments which are marked-to-market at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. BORROWINGS

	Group	
	2022	2021
	\$'000	\$'000
<i>Current</i>		
Current portion of long-term bank loans	1,331	1,539
Short-term bank loans	9,207	26,821
Trust receipt loans	28,758	29,139
Bank overdrafts (Note 10)	-	1,212
	39,296	58,711
<i>Non-current</i>		
Long-term bank loans	2,520	3,871
	2,520	3,871
Total borrowings	41,816	62,582

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2022	2021
	\$'000	\$'000
1 year or less	38,056	57,582

Security granted

Certain borrowings granted to the Group are guaranteed by the Company and secured on the following:

Borrowings of \$11,320,000 (2021: \$18,129,000) are secured over a fixed and floating charge on all the assets of certain subsidiaries.

24. SHARE CAPITAL AND TREASURY SHARES

	No. of		Amount	
	← ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	\$'000	\$'000
2022				
Beginning and end of financial year	292,296	1,896	77,001	(671)
2021				
Beginning and end of financial year	292,296	1,896	77,001	(671)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. SHARE CAPITAL AND TREASURY SHARES

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

On 24 December 2021, the Company granted an aggregate of 2,250,000 Incentive Options to eligible participants of the 2021 YHI Share Option Scheme. This entitled them to subscribe for a total number of 2,250,000 ordinary shares of the share capital of the Company, subsequent to acceptance by all eligible participants during the month of January 2022.

50,000 Incentive Options were forfeited during the current financial year ended 31 December 2022 and the remaining 2,200,000 Incentive Options will expire on, inter alia, the tenth anniversary of the Offering Date. The outstanding share options represents approximately 0.75% of the Company's total number of issued shares as at 31 December 2022 based on the enlarged issued share capital of 292,599,811 (excluding 1,896,000 treasury shares).

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

	← No. of ordinary shares under option →					Exercise price	Exercise period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
Group and Company							
2022							
2021 Options	-	2,250,000	(50,000)	-	2,200,000	\$0.39	24.12.2023 – 23.12.2031
2021							
2021 Options	-	-	-	-	-	\$0.39	24.12.2023 – 23.12.2031

Out of the unexercised options for 2,200,000 shares, none were exercisable at the balance sheet date.

The fair value of options granted on 24 December 2021, determined using the Black Scholes Option Pricing Model was \$539,000. The significant inputs into the model were the estimated share price of \$0.52 at the grant date, the exercise price of \$0.39, standard deviation of expected share price returns of 38.50%, dividend yield of 5.15%, the expected option life of six years and the annual risk-free interest rate of 1.40%. The volatility measured on the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last six years.

25. OTHER RESERVES

	Group	
	2022	2021
	\$'000	\$'000
(a) <u>Composition:</u>		
General reserve	7,836	7,749
Share option reserve	269	-
Currency translation reserve	(18,120)	(1,618)
Transactions with non-controlling interests	(2,352)	(2,352)
	(12,367)	3,779

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. OTHER RESERVES (CONTINUED)

Other reserves are non-distributable.

	Group	
	2022	2021
	\$'000	\$'000
(b) <u>Movements:</u>		
(i) General reserve		
Beginning of financial year	7,749	7,729
Currency translation differences	61	(27)
Transfer from retained profits	26	47
End of financial year	<u>7,836</u>	<u>7,749</u>
(ii) Share option reserve		
Beginning of financial year	-	-
Value of employee services	269	-
End of financial year	<u>269</u>	<u>-</u>
(iii) Currency translation reserve		
Beginning of financial year	(1,618)	(971)
Currency translation differences	(16,502)	(647)
End of financial year	<u>(18,120)</u>	<u>(1,618)</u>
(iv) Transactions with non-controlling interests		
Beginning and end of financial year	<u>(2,352)</u>	<u>(2,352)</u>

General reserve fund

Subsidiaries established in the People's Republic of China (the "PRC Subsidiaries") are required to maintain certain statutory reserves by transferring from their profit after taxation in accordance with the relevant laws and regulations and, if applicable, Articles of Association of the PRC Subsidiaries, before any dividend is declared and paid.

The PRC Subsidiaries are required to transfer at least 10% of their profit after taxation calculated in accordance with the PRC Accounting Standards and Systems, to the general reserve fund until the balance reaches 50% of their respective registered capital, where further transfers will be at their directors' recommendation. The general reserve fund can only be used to make up prior year losses or to increase share capital, provided that the fund does not fall below 25% of the registered capital.

Transactions with non-controlling interests

Transactions with non-controlling interests pertain to the differences between the consideration paid on acquisition of additional shareholdings and the reduction in carrying amount of the non-controlling interests and vice-versa.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. RETAINED PROFITS

- (a) Retained profits of the Group are distributable except for accumulated share of retained profits of associated companies amounting to \$18,294,000 (2021: \$16,648,000). Retained profits of the Company are distributable.
- (b) Movement in retained profits for the Company is as follows:

	Company	
	2022	2021
	\$'000	\$'000
Beginning of financial year	57,339	56,859
Net profit	13,934	10,063
Dividends paid (Note 27)	(10,454)	(9,583)
End of financial year	<u>60,819</u>	<u>57,339</u>

27. DIVIDENDS

	Group and Company	
	2022	2021
	\$'000	\$'000
<i>Ordinary dividends paid or proposed</i>		
Final exempt dividend paid in respect of the previous financial year of 3.60 cents (2021: 3.30 cents) per share	<u>10,454</u>	9,583

A final exempt dividend of 3.60 cents per share amounting to a total of \$10,454,000 will be recommended at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

28. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	31 December	
	2022	2021
	\$'000	\$'000
Property, plant and equipment	<u>125</u>	96

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's risk management policies and guidelines are set to monitor and control the potential material adverse impact of these exposures. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

The Group operates principally in Asia-Pacific with dominant operations in Singapore, Australia, New Zealand, Malaysia and the People's Republic of China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Renminbi ("RMB"), Malaysia Ringgit ("MYR"), Australia Dollar ("AUD"), New Zealand Dollar ("NZD") and Euro ("EUR"). To manage the currency risk, individual Group entities enter into currency forwards, where appropriate. As at 31 December 2022, the Group entered into currency forwards to manage currency risk from its foreign currency denominated sales in respect of which firm commitment existed at the balance sheet date as well as purchases in foreign currencies. The Group's exposures to foreign currencies are primarily managed through matching financial assets and financial liabilities denominated in foreign currencies. The Group does not utilise currency forwards or other arrangements for trading or speculative purposes.

The Group's currency exposure based on the information provided to key management is as follows:

	USD \$'000	RMB \$'000	AUD \$'000	MYR \$'000	NZD \$'000	EUR \$'000
At 31 December 2022						
Financial assets						
Cash and bank balances	23,893	11,731	5,369	4,704	938	1,556
Trade and other receivables	11,909	7,530	12,945	5,251	8,080	301
Inter-company balances	4,772	8,782	967	15,523	281	295
	40,574	28,043	19,281	25,478	9,299	2,152
Financial liabilities						
Borrowings	3,377	-	8,048	2,127	10,629	2,292
Inter-company balances	4,772	8,782	967	15,523	281	295
Trade and other payables	8,301	5,664	9,853	3,379	5,285	148
Lease liabilities	329	-	14,728	2,422	6,744	-
	16,779	14,446	33,596	23,451	22,939	2,735
Net financial assets/(liabilities)	23,795	13,597	(14,315)	2,027	(13,640)	(583)
Currency forwards	3,796	-	910	-	-	-
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	(2,535)	(12,796)	13,880	1,681	13,920	-
Currency exposure on financial assets	25,056	801	475	3,708	280	(583)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD	RMB	AUD	MYR	NZD	EUR
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 December 2021						
Financial assets						
Cash and bank balances	28,690	11,184	2,999	13,765	-	1,709
Trade and other receivables	15,592	9,797	12,877	3,623	7,438	1,412
Inter-company balances	7,400	9,589	1,542	17,358	282	1,383
	51,682	30,570	17,418	34,746	7,720	4,504
Financial liabilities						
Borrowings	9,854	93	7,958	3,080	9,129	1,020
Inter-company balances	7,400	9,589	1,542	17,358	282	1,383
Trade and other payables	6,260	8,214	5,557	7,690	4,327	245
Lease liabilities	862	-	16,026	1,147	7,678	-
	24,376	17,896	31,083	29,275	21,416	2,648
Net financial assets/(liabilities)	27,306	12,674	(13,665)	5,471	(13,696)	1,856
Currency forwards	8,103	-	251	-	-	-
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	1,110	(10,933)	15,184	(4,717)	13,977	-
Currency exposure on financial assets	36,519	1,741	1,770	754	281	1,856

The Company's currency exposure based on the information provided to key management is as follows:

	31 December 2022		31 December 2021	
	USD	AUD	USD	AUD
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and bank balances	3,372	-	1,142	-
Trade and other receivables	45	967	52	1,534
	3,417	967	1,194	1,534
Financial liabilities				
Borrowings	-	-	-	-
Trade and other payables	-	-	-	-
	-	-	-	-
Net financial assets	3,417	967	1,194	1,534
Less: Net financial assets denominated in functional currency	-	-	-	-
Currency exposure on financial assets	3,417	967	1,194	1,534

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD change against the SGD by 0.5% (2021: 2.1%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	← Increase/(decrease) →	
	31 December	
	2022	2021
	Profit after tax	Profit after tax
	\$'000	\$'000
Group		
USD against SGD		
- Strengthened	97	637
- Weakened	(97)	(637)

Reasonable possible changes in the currency exchange rates of RMB, AUD, MYR, NZD and EUR against SGD do not have significant effects on the results and the equity of the Group.

Reasonable possible changes in the currency exchange rates of USD and AUD against SGD do not have significant effects on the equity of the company.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's policy is to maintain its borrowings to the extent possible in short-term or fixed rate. The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings. The Company does not have significant exposure to cash flow interest rate risks. The Group manages these cash flow interest rate risks by reviewing the floating rates periodically.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD, AUD, RMB, NZD and MYR. If the SGD, AUD, RMB, NZD and MYR interest rates per annum increase/decrease by 0.4% (2021: 0.5%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by \$Nil (2021: \$37,000), \$27,000 (2021: \$33,000), \$2,000 (2021: \$6,000), \$35,000 (2021: \$38,000) and \$24,000 (2021: \$53,000) respectively as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade receivables and amount due from subsidiaries. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective Head of Companies of the various subsidiaries based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by Group Finance.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	31 December	
	2022	2021
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' loans	43,451	62,173

The Company's investment holding activities do not expose it to significant credit risk.

The trade receivables at the Group comprise 3 debtors (2021: 3 debtors) that individually represent 3-5% (2021: 3-4%) of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The credit risk for net trade receivables based on the information provided to key management is as follows:

	Group	
	31 December	
	2022	2021
	\$'000	\$'000
<hr/>		
<u>By geographical areas</u>		
Australia	12,627	12,232
Germany	1,485	6,920
Indonesia	2,735	2,792
Italy	1,097	1,584
Malaysia	4,777	2,657
New Zealand	8,066	7,291
People's Republic of China	2,048	2,962
Singapore	12,221	9,561
Sweden	487	3,285
Taiwan	1,883	3,208
Thailand	1,081	860
United Kingdom	1,943	628
United States	5,896	6,158
Other countries	11,477	9,896
	67,823	70,034
<hr/>		
<u>By types of customers</u>		
Non-related parties	66,944	68,466
A related party	879	1,568
	67,823	70,034
<hr/>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

<u>Group</u>	Trade receivables
	\$'000
Balance at 1 January 2022	4,779
Credit loss allowance recognised in profit or loss during the year on:	
- Allowances made	4,554
- Reversal of unutilised amounts	(1,334)
	3,220
Receivables written off as uncollectible	(812)
Currency translation difference	(397)
Balance at 31 December 2022	6,790
Balance at 1 January 2021	5,255
Credit loss allowance recognised in profit or loss during the year on:	
- Allowances made	1,097
- Reversal of unutilised amounts	(1,274)
	(177)
Receivables written off as uncollectible	(140)
Currency translation difference	(159)
Balance at 31 December 2021	4,779

Lease receivables and other receivables are subject to immaterial credit loss.

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and debtor aging profile.

In calculating the expected credit loss rates for each debtor aging band, the Group considers historical loss rates for each group of customers and where required, adjusts to reflect applicable current and forward looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2022 and 2021, management has identified certain specific debtors to be credit impaired as they experienced significant financial difficulties or are in the process of liquidation. For these specific debtors, the Group continues to engage in enforcement activities to attempt to recover the receivables due. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables (continued)

	31 December	
	2022	2021
Group	\$'000	\$'000
Gross carrying amount	6,494	4,342
Less: credit loss allowance	(6,494)	(4,342)
Carrying amount net of allowance	-	-

The Group's credit risk exposure in relation to trade receivables presented using debtor's aging based on invoice date as at 31 December 2022 and 2021 are set out as follows:

	Within 30 days	30 to 60 days	60 to 90 days	90 to 120 days	More than 120 days	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2022						
Distribution						
Expected credit loss rate	0.1%	0.1%	0.3%	1.0%	7.8%	
Trade receivables	31,092	13,039	6,987	2,606	2,690	56,414
Credit loss allowance	21	15	19	25	211	291
Manufacturing						
Expected credit loss rate	0.1%	0.1%	0.1%	0.2%	0.2%	
Trade receivables	5,680	3,173	1,648	587	617	11,705
Credit loss allowance	1	1	1	1	1	5
	Within 30 days	30 to 60 days	60 to 90 days	90 to 120 days	More than 120 days	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2021						
Distribution						
Expected credit loss rate	0.1%	0.3%	0.6%	1.9%	20.7%	
Trade receivables	26,720	12,897	6,472	1,824	960	48,873
Credit loss allowance	40	42	37	34	199	352
Manufacturing						
Expected credit loss rate	0.2%	0.3%	0.4%	0.6%	3.7%	
Trade receivables	8,603	8,145	3,435	630	785	21,598
Credit loss allowance	13	26	13	4	29	85

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Cash and bank balances

The Group and Company held cash and bank balances of \$60,576,000 and \$6,775,000 respectively (2021: \$84,854,000 and \$6,430,000) with banks which are rated BBB- to AA- and A+ to AA- respectively based on Standard & Poor and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iii) Non-trade receivables due from subsidiaries

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual obligations of \$30,644,000 (2021: \$26,624,000) and considered to have low credit risk. The non-trade receivables are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) Liquidity risk

The Group and Company manage liquidity risk by maintaining sufficient cash and other financial assets to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 10.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
<u>Group</u>			
At 31 December 2022			
Trade and other payables	44,093	-	-
Lease liabilities	6,358	16,484	10,022
Borrowings	39,360	2,570	-
	89,811	19,054	10,022
At 31 December 2021			
Trade and other payables	43,384	-	-
Lease liabilities	6,832	18,283	11,261
Borrowings	58,800	3,985	-
	109,016	22,268	11,261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) **Liquidity risk** (continued)

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
<u>Company</u>			
At 31 December 2022			
Trade and other payables	2,313	-	-
Financial guarantee	43,451	-	-
	<u>45,764</u>	-	-
At 31 December 2021			
Trade and other payables	2,092	-	-
Financial guarantee	62,173	-	-
	<u>64,265</u>	-	-

The table below analyses the derivative financial instruments of the Group for which the contractual maturity is essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000
<u>Group</u>		
At 31 December 2022		
Gross settled currency forwards		
- Receipts	4,705	-
- Payments	(4,705)	-
	<u></u>	<u></u>
At 31 December 2021		
Gross settled currency forwards		
- Receipts	8,309	-
- Payments	(8,354)	-
	<u></u>	<u></u>

(d) **Capital risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a net gearing ratio. The Group's and Company's strategies are to maintain net gearing ratios below 50% and maximum 30% respectively.

The net gearing ratio is calculated as net debt divided by total capital and reserves attributable to equity holders of the Company. Net debt is calculated as borrowings plus lease liabilities less cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

	Group		Company	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Net debt	9,642	8,701	(6,775)	(6,430)
Total capital and reserves attributable to equity holders	280,385	286,289	137,418	133,669
Net gearing ratio	3%	3%	NM	NM

NM - Not meaningful

Financial covenants relating to the Group's and Company's borrowings include consolidated tangible net worth, debt service coverage ratio, net debt to earnings before interest, taxes, depreciation and amortisation ratio and gearing ratio.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(e) Fair value measurements

The following table presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 2
	\$'000
Group	
As at 31 December 2022	
Derivative financial instruments	
- Asset	-
- Liability	-
	<hr/>
As at 31 December 2021	
Derivative financial instruments	
- Asset	-
- Liability	45
	<hr/>

The carrying value of trade receivables less credit loss allowance and payables are assumed to approximate their fair values. The fair value of current and non-current borrowings approximates their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed in Note 22 to the financial statements, and the following:

	Group		Company	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial assets, at amortised cost	134,736	160,408	37,421	33,057
Financial liabilities, at amortised cost	114,311	136,939	2,313	2,092

30. IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The immediate holding corporation is YHI Holdings Pte Ltd, incorporated in Singapore. The ultimate controlling party is Mr Tay Tian Hoe Richard.

31. 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:

(a) Sales and purchases of goods and services

	Group	
	2022	2021
	\$'000	\$'000
Sales of goods to an associated company	9,457	6,107
Purchases of goods from an associated company	(211)	(638)
Rental income from an associated company	274	-

Outstanding balances as at 31 December 2022, arising from sale/purchase of goods to/from associated companies, are unsecured, receivable/payable within 12 months from balance sheet date and are set out in Notes 11 and 21 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	4,282	5,200
Employer's contribution to defined contribution plans, including Central Provident Fund	63	115
	4,345	5,315

Included in the above was total compensation to directors of the Company amounting to \$2,302,000 (2021: \$2,403,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. SEGMENT 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 and ASEAN which is engaged in rental activities. Management is of the opinion that the contribution from ASEAN is not significant for the financial year ended 31 December 2022.

The segment information provided to senior management for the year ended 31 December 2022 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					Rental segment	Total
	North East Asia	ASEAN	Sub-total	North East Asia	ASEAN	Oceania	Others	Sub-total	North East Asia	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales										
Total segment sales	76,847	60,034	136,881	19,008	138,432	144,009	22,286	323,735	-	460,616
Inter-segment sales	(16,825)	(12,899)	(29,724)	-	-	-	-	-	-	(29,724)
Sales to external parties	60,022	47,135	107,157	19,008	138,432	144,009	22,286	323,735	-	430,892
Segment result	2,103	(1,475)	628	982	3,678	6,155	3,101	13,916	2,219	16,763
Other gains										10,815
Unallocated costs										-
										27,578
Finance expenses										(3,341)
Share of profit of associated companies	-	3,132	3,132	-	1,068	-	-	1,068	-	4,200
Profit before income tax										28,437
Income tax expense										(6,614)
Net profit										21,823
Segment assets	56,234	68,291	124,525	15,295	133,343	104,740	10,903	264,281	13,397	402,203
Segment assets includes:										
Investment in associated companies	-	22,309	22,309	-	5,123	-	-	5,123	-	27,432
Additions to:										
- Property, plant and equipment	728	3,076	3,804	32	966	1,156	-	2,154	-	5,958
- Intangible assets	-	-	-	1	35	72	-	108	-	108
- Right-of-use assets	-	-	-	16	1,508	3,632	10	5,166	-	5,166
Investment property	-	-	-	-	-	-	-	-	8,388	8,388
- transferred from property, plant and equipment	-	-	-	-	1,720	-	-	1,720	-	1,720
Segment liabilities	(5,570)	(3,037)	(8,607)	(1,698)	(23,667)	(39,999)	(1,760)	(67,124)	(852)	(76,583)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. SEGMENT INFORMATION (CONTINUED)

The segment information provided to senior management for the year ended 31 December 2021 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					Rental segment	Total
	North East Asia	ASEAN	Sub-total	North East Asia	ASEAN	Oceania	Others	Sub-total	North East Asia	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales										
Total segment sales	91,682	51,775	143,457	27,937	144,068	137,464	20,027	329,496	-	472,953
Inter-segment sales	(16,256)	(11,979)	(28,235)	-	-	-	-	-	-	(28,235)
Sales to external parties	75,426	39,796	115,222	27,937	144,068	137,464	20,027	329,496	-	444,718
Segment result	36	1,309	1,345	2,696	6,719	8,010	2,526	19,951	2,469	23,765
Other gains										4,528
Unallocated costs										-
										28,293
Finance expenses										(2,778)
Share of profit of an associated company	-	3,315	3,315	-	-	-	-	-	-	3,315
Profit before income tax										28,830
Income tax expense										(6,618)
Net profit										22,212
Segment assets	72,632	78,410	151,042	20,198	136,385	101,739	11,711	270,033	12,358	433,433
Segment assets includes:										
Investment in an associated company	-	22,766	22,766	-	-	-	-	-	-	22,766
Additions to:										
- Property, plant and equipment	794	402	1,196	47	903	1,650	-	2,600	-	3,796
- Intangible assets	-	-	-	6	4	-	203	213	-	213
- Right-of-use assets	-	-	-	203	632	11,079	204	12,118	-	12,118
Investment property	-	-	-	-	-	-	-	-	9,663	9,663
Segment liabilities	(9,576)	(3,712)	(13,288)	(2,774)	(21,917)	(36,674)	(2,884)	(64,249)	(934)	(78,471)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations (continued)

(i) Segment assets (continued)

Segment assets are reconciled to total assets as follows:

	Group	
	2022	2021
	\$'000	\$'000
Segment assets	402,203	433,433
Unallocated:		
Deferred income tax assets	3,346	3,868
Short-term bank deposits	5,546	1,657
Transferable club membership	65	65
	411,160	439,023

(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	
	2022	2021
	\$'000	\$'000
Segment liabilities	76,583	78,471
Unallocated:		
Income tax liabilities	2,781	1,961
Deferred income tax liabilities	1,591	1,653
Borrowings	41,816	62,582
Derivative financial instruments	-	45
	122,771	144,712

(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	
	2022	2021
	\$'000	\$'000
Distribution of automotive and industrial products	323,735	329,496
Manufacturing of alloy wheels	107,157	115,222
	430,892	444,718

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The Group operates in the following geographic areas:

	Sales *		Non-current assets	
	Group		Group	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	78,251	69,407	48,673	50,241
Malaysia	74,235	86,069	29,669	23,804
China/Hong Kong	59,816	78,472	24,086	28,728
Taiwan	19,215	24,891	2,381	3,292
Australia	87,659	81,966	14,334	15,441
New Zealand	56,350	55,498	7,901	9,003
Other countries	55,366	48,415	2,179	2,791
	430,892	444,718	129,223	133,300

* 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.

33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

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) (continued)

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.

34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of YHI International Limited on 28 March 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

ANALYSIS OF SHAREHOLDINGS

Number of shares	292,295,811
Class of shares	Ordinary shares
Voting rights	One vote per share

The Company has no treasury shares and subsidiary holdings as at 17 March 2023.

Size Of Shareholdings	No. of		No. Of Shares	%
	Shareholders	%		
1 - 99	18	1.22	734	0.00
100 - 1,000	120	8.11	53,261	0.02
1,001 - 10,000	696	47.06	3,918,317	1.35
10,001 - 1,000,000	631	42.66	38,786,750	13.36
1,000,001 and above	14	0.95	247,640,749	85.27
TOTAL	1,479	100.00	290,399,811	100.00

Note:

The percentage is based on 290,399,811 shares (excluding 1,896,000 shares held as treasury shares) as at 17 March 2023.

PUBLIC SHAREHOLDERS	No. of Shares	%
Non-public shareholders	186,959,213	64.38
Public shareholders	103,440,598	35.62
	290,399,811	100.00

Pursuant to Rule 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued ordinary shares of the Company is at all times held by the public.

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		%
	Direct Interest	Deemed Interest	
YHI Holdings Pte Ltd	128,021,860	-	44.08
Tay Tian Hoe Richard ⁽¹⁾	-	141,958,860	48.88
Tay Tiang Guan ⁽²⁾	-	45,000,353	15.50
Tay Soek Eng Margaret ⁽³⁾	-	128,021,860	44.08

Notes:

(1) Mr Tay Tian Hoe Richard is deemed to have an interest in the following shares by virtue of Section 7 of the Companies Act 1967 (the 'Act'):

Shares held in the name of YHI Holdings Pte Ltd	128,021,860
Shares held in the name of his nominees	13,937,000
	141,958,860

(2) Mr Tay Tiang Guan is deemed to have an interest in 45,000,353 shares held in the name of his nominees by virtue of Section 7 of the Act.

(3) Mdm Tay Soek Eng Margaret is deemed to have an interest in 128,021,860 shares held in the name of YHI Holdings Pte Ltd by virtue of Section 7 of the Act.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2023

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	YHI HOLDINGS PTE LTD	128,021,860	44.08
2	CITIBANK NOMINEES SINGAPORE PTE LTD	72,726,353	25.04
3	DBS NOMINEES PTE LTD	11,007,643	3.79
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,877,300	3.40
5	DB NOMINEES (SINGAPORE) PTE LTD	7,379,500	2.54
6	GU JIAN LIN	5,970,000	2.06
7	RAFFLES NOMINEES (PTE) LIMITED	3,241,657	1.12
8	LEE LING LING	1,675,500	0.58
9	LIM MEE HWA	1,574,000	0.54
10	LEE WOON KIAT	1,453,000	0.50
11	TAN HUI LIANG OR TAN HWEE KHENG	1,256,000	0.43
12	PHILLIP SECURITIES PTE LTD	1,217,436	0.42
13	DANIEL TAN POON KUAN	1,144,800	0.39
14	TAN KIA SIONG @ TAN AH KOW	1,095,700	0.38
15	LEW WING KIT	987,100	0.34
16	HSBC (SINGAPORE) NOMINEES PTE LTD	754,900	0.26
17	OCBC SECURITIES PRIVATE LTD	741,500	0.26
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	708,000	0.24
19	IFAST FINANCIAL PTE LTD	664,700	0.23
20	GOH KEE CHEONG	660,000	0.23
	Total:	252,156,949	86.83

Note :

The percentage is based on 290,399,811 shares (excluding 1,896,000 shares held as treasury shares) as at 17 March 2023.

NOTICE OF ANNUAL GENERAL MEETING

YHI INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore - Company Registration No. 200007455H)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of YHI International Limited (the “**Company**”) will be convened and held at 2 Pandan Road, Singapore 609254 on 28 April 2023 (Friday) at 10.00 a.m. (Singapore Time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final tax-exempt dividend of 3.60 Singapore cents per ordinary share for the financial year ended 31 December 2022 (2021: 3.60 Singapore cents). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company’s Constitution:

Mr Tay Tiang Guan	(Resolution 3)
Mr Ong Kian Min	(Resolution 4)

Mr Tay Tiang Guan will, upon re-election, remain as the Executive Director of the Company.

Mr Ong Kian Min will, upon re-election, remain as an independent director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company.
4. To approve the payment of Directors’ fees of S\$145,000.00 for the financial year ended 31 December 2022 (2021: S\$185,416.67). **(Resolution 5)**
5. To re-appoint PricewaterhouseCoopers LLP, Certified Public Accounts as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company (“Shares”) - Share Issue Mandate**

“That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Act**”) and Rule 806 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (A) (i) allot and issue shares in the capital of the Company (the “**Shares**”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require new Shares to be allotted and issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be allotted and issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be allotted and issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Any adjustments made in accordance with sub-paragraphs (2)(a) and (2)(b) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
 - (4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.”
- [See Explanatory Note (i) and (ii)]* **(Resolution 7)**

8. Authority to allot and issue Shares under the 2021 YHI Share Option Scheme

“That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be and are hereby authorised to grant Options in accordance with the rules of the 2021 YHI Share Option Scheme, and to allot and issue from time to time such number of fully paid-up shares in the Company as may be required to be allotted and issued pursuant to the exercise of the Options granted under the 2021 YHI Share Option Scheme, provided always that the aggregate number of new shares to be allotted and issued pursuant to the exercise of the Options granted or to be granted under the 2021 YHI Share Option Scheme, when added to all shares, options or awards granted under any other share option scheme, performance share plan or share incentive scheme of the Company then in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.”

[See Explanatory Note (iii)] **(Resolution 8)**

9. The Proposed Renewal of the Share Buy-Back Mandate

“That:

- (1) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“Shares”) not exceeding in aggregate the Maximum Percentage (as defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING

- (a) on-market purchases on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted (“**Other Exchange**”) (“**On-Market Purchases**”); and/or
- (b) off-market purchases (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act 1967 of Singapore (“**Off-Market Purchases**”),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy-Back Mandate**”);

- (2) the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:
 - (a) the date on which the next annual general meeting of the Company is held;
 - (b) the date by which the next annual general meeting of the Company is required by law to be held;
 - (c) the date when such mandate is revoked or varied by the Shareholders of the Company in general meeting; or
 - (d) the date on which the purchases or acquisitions of issued Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

- (3) in this Ordinary Resolution:

“**Maximum Percentage**” means that number of issued Shares representing not more than 10.0% of the total number of issued Shares as at date of the passing of this Ordinary Resolution (excluding any treasury shares and subsidiary holdings as at that date);

“**Maximum Price**” in relation to a Share to be purchased or otherwise acquired, means the purchase price as determined by the Directors (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) and not exceeding:

- (a) in the case of an On-Market Purchase, 105.0% of the Average Closing Price of the Shares. For this purpose, the Average Closing Price is:
 - (i) the average of the closing market prices of the Shares over the last five (5) market days (on which transactions in the Shares were recorded) immediately before the date of the Share Purchase by the Company; and
 - (ii) deemed to be adjusted for any corporate action that occurs during the relevant five (5) market day period and the day on which the Share Purchase is made; and
- (b) in the case of an Off-Market Purchase, 105.0% of the highest price at which a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase offer stating the purchase price and the relevant terms of the equal access scheme.

NOTICE OF ANNUAL GENERAL MEETING

- (4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

[See Explanatory Note (iv)]

(Resolution 9)

By Order of the Board
YHI International Limited

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director

6 April 2023

Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.
- (ii) For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution 7 is passed after adjusting for new Shares arising from the exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when Ordinary Resolution 7 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.
- (iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors to grant options and to allot and issue Shares in accordance with the provisions of the 2021 YHI Share Option Scheme and pursuant to Section 161 of the Companies Act 1967 to allot and issue shares upon the exercise of such options in accordance with the 2021 YHI Share Option Scheme. Please refer to the circular dated 1 November 2021 for further details.
- (iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company to purchase, on behalf of the Company, Shares in accordance with the terms set out in the letter to shareholders of the Company dated 6 April 2023 (the “**Letter to Shareholders**”) as well as the rules and regulations set forth in the Companies Act 1967 of Singapore and the Listing Rules of the SGX-ST. Please refer to the Letter to Shareholders for more information relating to the renewal of the Share Buy-Back Mandate.

Important Notes to Shareholders on arrangements for the Annual General Meeting:

1. The Annual General Meeting (“**AGM**”) will be held at 2 Pandan Road, Singapore 609254 on 28 April 2023 at 10.00 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in this Notice of AGM. **There will be no option for Shareholders to participate virtually.**
2. Printed copies of this Notice of AGM, Proxy Form, annual report for the financial year ended 31 December 2022 (“**FY2022 Annual Report**”) and the Letter to Shareholders will not be sent to Shareholders. Instead, this Notice of AGM, Proxy Form, FY2022 Annual Report and the Letter to Shareholders may be accessed at the Company’s website at the URL <https://www.yhigroup.com/investor/agm2023/>. This Notice of AGM, Proxy Form, FY2022 Annual Report and the Letter to Shareholders are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING

3. Arrangements relating to attendance at the AGM, submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant comments, queries and/or questions before the AGM, and voting by appointing proxy(ies) (including the Chairman of the Meeting), are set out in the Company's announcement dated 6 April 2023.
4. **A Shareholder (whether individual or corporate) must vote live at the AGM or must appoint proxy(ies) (including the Chairman of the Meeting), to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form may be accessed at the Company's website at the URL <https://www.yhigroup.com/investor/agm2023/> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting) as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the proxy(ies) for that resolution will be treated as invalid.

Only Shareholders or their appointed proxy(ies) who have been successfully verified will be entitled to attend the AGM.

5. CPF/SRS investors, including persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF agent banks, SRS operators or relevant intermediaries to submit their votes and/or questions relating to the resolutions tabled for approval at the AGM by 10.00 a.m. on Tuesday, 18 April 2023 (that is, at least seven (7) working days before the date of the AGM).
6. Duly appointed proxy(ies), including the Chairman of the Meeting acting as proxy, need not be a Shareholder of the Company.
7. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the registered office of the Company at No. 2 Pandan Road, Singapore 609254; or
 - (b) if submitted by way of electronic means, be submitted via email in Portable Document Format (PDF) to the Company at yhi-agm@yhi.com.sg,

in either case, by 10.00 a.m. on Tuesday, 25 April 2023. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

Personal Data Privacy:

By submitting the Proxy Form appointing proxy(ies) (including the Chairman of the meeting) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) (including the Chairman of the meeting) for the AGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	ONG KIAN MIN	TAY TIANG GUAN
Date of Appointment	01 / 10 / 2021	26 / 08 / 2000
Date of last re-appointment (if applicable)	28 / 04 / 2022	28 / 04 / 2021
Age	62	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors, having considered the recommendation of the Nominating Committee and having reviewed the qualifications and working experience of Mr Ong Kian Min, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Director of the Company.</p> <p>Accordingly, the Board of Directors has approved the appointment of Mr Ong Kian Min as an Independent Director of the Company.</p>	<p>The Board of Directors, having considered the recommendation of the Nominating Committee and having reviewed the qualifications and working experience of Mr Tay Tiang Guan, is of the view that he has the requisite experience and capabilities to assume the responsibilities as Executive Director of the Company.</p> <p>Accordingly, the Board of Directors has approved the appointment of Mr Tay Tiang Guan as Executive Director of the Company.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and Chairman of Remuneration Committee and a member of the Audit Committee and Nominating Committee.	Executive Director
Professional qualifications	<p>Bachelor of Laws (Honours) (external), University of London (1986)</p> <p>Bachelor of Science (Honours), Imperial College of Science and Technology (1982)</p>	<p>Diploma in Mechanical Engineering (Singapore Polytechnic)</p> <p>Member of the Singapore Institute of Directors</p>
Working experience and occupation(s) during the past 10 years	<p>January 2010 – Present Kanesaka Sushi Private Limited Managing Director</p> <p>January 2007 – Present Alpha Advisory Pte. Ltd. Senior Adviser</p> <p>October 2000 – Present Drew & Napier LLC Consultant (non-practising)</p>	<p>Executive Director (Sales and Business Development) of YHI Group</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	ONG KIAN MIN	TAY TIANG GUAN
Shareholding interest in the listed issuer and its subsidiaries	Nil	Mr Tay Tiang Guan is deemed to have an interest in 45,000,353 ordinary shares (or approximately 15.4% of shareholding) of YHI International Limited, held in the name of his nominees by virtue of Section 7 of the Companies Act 1967.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Mr Tay Tiang Guan is brother of Mr Tay Tian Hoe Richard, Executive Chairman and Group Managing Director of YHI International Limited.
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) or (in the format set out in Appendix 7H) under Catalist Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Other Principal Commitments * Including Directorships #		
<p>* "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9) or Catalist Rule 704(8)</p>		
Past (for the last 5 years)	Directorships Penguin International Limited Breadtalk Group Limited HUPSteel Limited Jaya Holdings Limited Principal Commitments NIL	Director of the following Non Public Listed Companies: <ul style="list-style-type: none"> YHI Corporation (Singapore) Pte Ltd (26 June 2018)
Present	Directorships Food Empire Holdings Limited OUE Commercial REIT Management Pte. Ltd. (Manager of OUE Commercial REIT and OUE Hospitality Sub-Trust) SilverLake Axis Limited Principal Commitments NIL	Non-Public Listed Companies: <ul style="list-style-type: none"> Director of PT YHI Indonesia

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Information required

Disclose the following matters concerning an appointment of director.

		ONG KIAN MIN	TAY TIANG GUAN
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

		ONG KIAN MIN	TAY TIANG GUAN
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

		ONG KIAN MIN	TAY TIANG GUAN
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

YHI INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200007455H)

IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened, and will be held at 2 Pandan Road, Singapore 609254. **There will be no option for shareholders to participate virtually.**
2. The Notice of AGM is also accessible (a) via publication on the Company's website at the URL <https://www.yhigroup.com/investor/aggm2023/> and (b) via publication on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Arrangements relating to attendance at the AGM submission of comments, queries and/or questions to the Chairman of the Meeting in advance of and live at the AGM, addressing of substantial and relevant comments, queries and/or questions before the AGM, and voting by appointing proxy(ies) (including the Chairman of the Meeting), are set out in the accompanying Company's announcement dated 6 April 2023. This announcement may be accessed at the Company's website at the <https://www.yhigroup.com/investor/aggm2023/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
4. A member (whether individual or corporate) must vote live at the AGM or must appoint proxy(ies) (including the Chairman of the Meeting) to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
5. CPF or SRS investors, including persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Tuesday, 18 April 2023** (that is, at least seven (7) working days before the date of the AGM).
6. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2023.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies) (including the Chairman of the Meeting) as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

I/We*, _____ (name) _____ (NRIC/Passport No.)

of _____ (address)

being a member/members* of YHI International Limited (the "Company"), hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the Annual General Meeting (the "Chairman of the Meeting"), as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Annual General Meeting ("AGM") to be held at 2 Pandan Road, Singapore 609254 on Friday, 28 April 2023 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against, or abstain from voting on, the resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon (Ordinary Resolution)			
2.	Payment of proposed first and final tax-exempt dividend of 3.60 Singapore cents per ordinary share for the financial year ended 31 December 2022 (Ordinary Resolution)			
3.	Re-election of Mr Tay Tiang Guan as Director of the Company pursuant to Regulation 89 of the Company's Constitution (Ordinary Resolution)			
4.	Re-election of Mr Ong Kian Min as Director of the Company pursuant to Regulation 89 of the Company's Constitution (Ordinary Resolution)			
5.	Approval of Directors' fees amounting to S\$145,000.00 for the financial year ended 31 December 2022 (2021: S\$185,416.67) (Ordinary Resolution)			
6.	Re-appointment of PricewaterhouseCoopers LLP, Certified Public Accountants as the Company's Auditors and to authorise the Directors to fix their remuneration (Ordinary Resolution)			
7.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate (Ordinary Resolution)			
8.	Authority to allot and issue Shares under the 2021 YHI Share Option Scheme			
9.	The Proposed Renewal of the Share Buy-Back Mandate (Ordinary Resolution)			

*Delete as appropriate

If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate so with a (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. **In the absence of specific directions in respect of a resolution, the appointment of proxy(ies) (including the Chairman of the Meeting) for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2023

Total Number of Shares Held

Signature of Shareholder(s) or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS PROXY FORM.

NOTES:

1. The Annual General Meeting (“**AGM**”) will be held at 2 Pandan Road, Singapore 609254 on 28 April 2023 at 10.00 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in this Notice of AGM. **There will be no option for Shareholders to participate virtually.**
2. Printed copies of this Notice of Annual General Meeting (“**Notice of AGM**”), Proxy Form and annual report for the financial year ended 31 December 2022 (the “**FY2022 Annual Report**”) and the letter to shareholders dated 6 April 2023 (“**Letter to Shareholders**”) will not be sent to members. The Notice of AGM, Proxy Form, FY2022 Annual Report and the Letter to Shareholders may be accessed at the Company’s website at the URL <https://www.yhigroup.com/investor/agm2023/>. This Notice of AGM, Proxy Form, FY2022 Annual Report and the Letter to Shareholders are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Arrangements relating to attendance at the AGM, submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant comments, queries and/or questions before the AGM, and voting by appointing proxy(ies) (including the Chairman of the Meeting), are set out in the Company’s accompanying announcement dated 6 April 2023. This announcement may be accessed at the Company’s website at the <https://www.yhigroup.com/investor/agm2023/>. This announcement is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>.
4. Please insert the total number of shares held by you. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If no number is inserted, this Proxy Form shall be deemed to relate to all the shares held by you.
5. **A member (whether individual or corporate) must vote live at the AGM or must appoint proxy(ies) (including the Chairman of the Meeting) to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such member wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form for the AGM may be accessed at the Company’s website at <https://www.yhigroup.com/investor/agm2023/> and is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints proxy(ies) (including the Chairman of the Meeting), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the proxy(ies) for that resolution will be treated as invalid.
6. CPF/SRS investors, including persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF agent banks, SRS operators or relevant intermediaries to submit their votes and/or questions relating to the resolutions tabled for approval at the AGM by 10.00 a.m. on Tuesday, 18 April 2023 (that is, at least seven (7) working days before the date of the AGM). Duly appointed proxy(ies), including the Chairman of the Meeting, as proxy, need not be a member of the Company
7. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the registered office of the Company at No. 2 Pandan Road, Singapore 609254; or
 - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at yhi-agm@yhi.com.sg,in either case, by 10.00 a.m. on Tuesday, 25 April 2023, which is at least 72 hours before the time fixed for holding the AGM of the Company. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
8. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorized. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized.
9. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing proxy(ies) (including the Chairman of the Meeting) as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) (including the Chairman of the Meeting) for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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YHI
Since 1948

友发国际有限公司

YHI INTERNATIONAL LIMITED

Listed on the mainboard of the Singapore Exchange
Company Registration Number 200007455H

No. 2 Pandan Road Singapore 609254

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