




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



ASCENDING THE PEAK

ANNUAL REPORT 2017

CONTENTS

- 03 CORPORATE PROFILE
- 04 OUR PRODUCTS
- 06 MANUFACTURING CAPABILITIES
- 08 FIVE-YEAR FINANCIAL HIGHLIGHTS
- 09 FIVE-YEAR FINANCIAL SUMMARY
- 10 CHAIRMAN'S MESSAGE
- 18 BUSINESS REVIEW
- 22 FINANCIAL REVIEW
- 24 CORPORATE MILESTONES
- 28 BOARD OF DIRECTORS
- 30 SENIOR MANAGEMENT TEAM
- 32 HEADS OF SUBSIDIARIES
- 34 CORPORATE STRUCTURE
- 36 GLOBAL PRESENCE
- 38 CORPORATE INFORMATION
- 39 CORPORATE GOVERNANCE
- 58 FINANCIAL REPORT
- 136 STATISTICS OF SHAREHOLDINGS
- 138 NOTICE OF ANNUAL GENERAL MEETING
- PROXY FORM



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



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



GOING THE DISTANCE IN TANDEM



CORPORATE PROFILE

YHI's International presence spans across over 100 countries through its 33 subsidiaries and 1 associated company located across Asia Pacific, North America and Europe. YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies 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 33 subsidiaries and 1 associated company located across Asia Pacific, North America and Europe. YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies 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 2.6 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, Nexen, Pirelli and our own proprietary brand, Neuton Tyres.

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



ALLOY WHEELS

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

				
SINGAPORE	JAPAN	GERMANY	ITALY	ITALY
				
USA	USA	USA		



BUGGY & UTILITY VEHICLES

Our range of environmentally friendly buggies and utility vehicles are used in golf greens, 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.



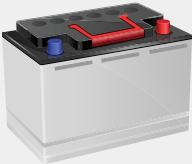
SINGAPORE



USA



USA



INDUSTRIAL AND AUTOMOTIVE BATTERIES

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



SINGAPORE



USA



USA



USA



JAPAN



JAPAN



TAIWAN



CHINA



CHINA



PHILIPPINES



ITALY



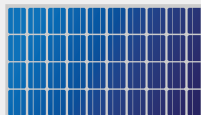
USA



CHINA



CHINA



OTHER PRODUCTS

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



CANADA



CANADA



TAIWAN



GERMANY



GERMANY



USA



USA



CHINA



CHINA



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.

In September 2000, the Group took the bold initiative to invest in 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 and began production in 2012 with 0.6 million 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, the Group is able to stay 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 for success in restructuring in our Malaysia plant, we embarked on a similar restructuring plan to consolidate our Shanghai manufacturing operations to Suzhou as announced on 17 February 2017 to further reduce operating costs. The Shanghai factory ceased operations in December 2016 and the production capacity was moved to Suzhou and Malaysia factories by the end of 2017.

In term of manufacturing R&D, the 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 the strength and high performance of forged wheel at a cost effective rate. 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.

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

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

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: 1.2 million

YHI MANUFACTURING (SHANGHAI) CO., LTD



SHANGHAI, CHINA

Products: Alloy Wheels

Land area: 47,000 m²

Year of Production: 2000

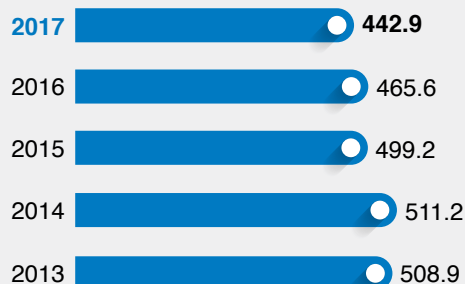
Annual production capacity: 1.0 million

Note: Ceased production in December 2016

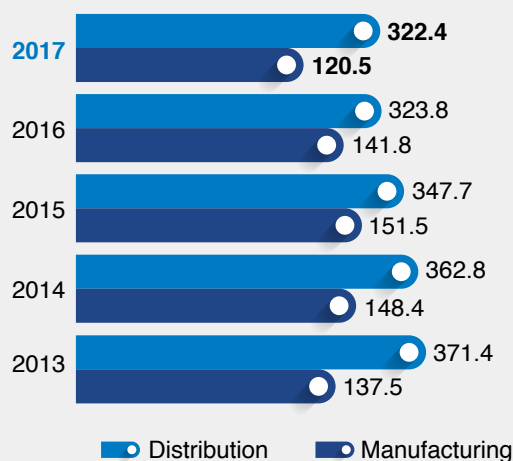


FIVE-YEAR FINANCIAL HIGHLIGHTS

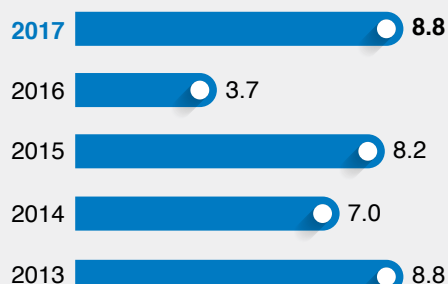
GROUP REVENUE
(S\$ 'MILLION)



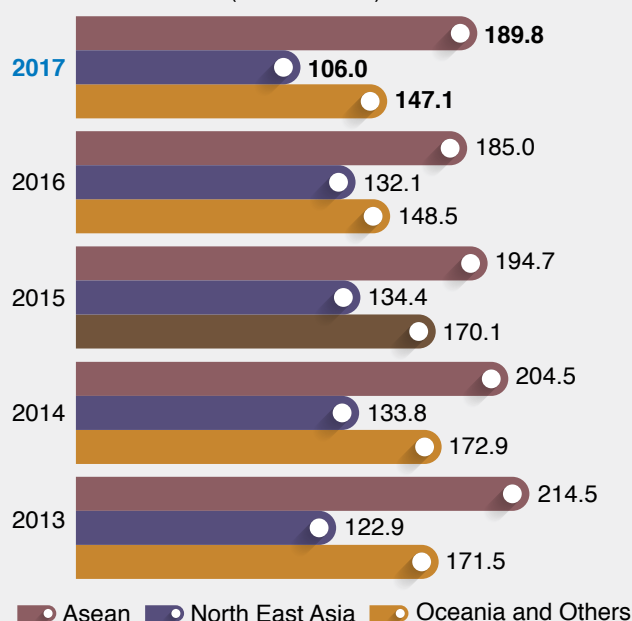
REVENUE BY BUSINESS SEGMENTS
(S\$ 'MILLION)



**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	FY2017 S\$ '000	FY2016 S\$ '000	FY2015 S\$ '000	FY2014 S\$ '000	FY2013 S\$ '000
Sales	442,878	465,569	499,174	511,229	508,923
Gross Profit %	23.4	21.6	21.4	22.2	22.0
Profit before income tax	15,192	8,355	14,469	14,873	16,417
Net profit attributable to equity holders of the Company	8,751	3,694	8,250	7,027	8,823
Net Profit %	2.1	1.0	1.8	1.6	2.0
EBITDA	30,808	26,046	34,519	36,365	39,188

FINANCIAL POSITION

AS AT 31 DECEMBER	FY2017 S\$ '000	FY2016 S\$ '000	FY2015 S\$ '000	FY2014 S\$ '000	FY2013 S\$ '000
Current assets	267,057	272,545	287,677	301,620	285,563
Non-current assets	120,417	129,864	137,627	145,086	161,105
Total assets	387,474	402,409	425,304	446,706	446,668
Current liabilities	109,046	122,112	134,906	151,210	141,722
Non-current liabilities	17,621	24,228	30,569	31,369	42,911
Total liabilities	126,667	146,340	165,475	182,575	184,633
Net assets	260,807	256,069	259,829	264,131	262,035
Capital and reserves attributable to equity holders of the Company	248,100	242,512	246,408	251,305	249,350
Non-controlling interests	12,707	13,557	13,421	12,826	12,685
Total equity	260,807	256,069	259,829	264,131	262,035

FINANCIAL INDICATORS

	FY2017	FY2016	FY2015	FY2014	FY2013
Return on shareholders equity (%)	3.5	1.5	3.3	2.8	3.5
Earnings per share (cents)*	2.99	1.26	2.82	2.40	3.02
Net asset value per share (cents)*	84.88	82.97	84.30	85.98	85.31
Dividend per share (cents)*	1.50	0.64	1.42	1.20	1.36
Cash and bank balances (S\$ '000)	54,360	51,470	52,271	56,421	57,426
Net debt to equity ratio (%)	11.9	18.3	28.5	28.9	31.3

* Post-consolidation of shares



“I look forward to working with our stakeholders in FY2018 as the **Group prepares itself for the gradual but steady ascent to the top after having weathered the worst of headwinds in the past few years.**”

RICHARD TAY
Executive Chairman &
Group Managing Director

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

2017 was a good year for the global economy, despite worries about the trade policies of the Trump administration in the United States.

Global output grew by 3.7% in 2017, compared to 3.2% in 2016, according to the International Monetary Fund (IMF). The strong showing was driven by increased activity in Europe, Japan, China and the United States.

Amidst the positive economic data, YHI International Limited ("YHI" or "the Group") posted its best performance in three years for the financial year ended 31 December 2017 (FY2017), even as we continued to be buffeted by cyclical headwinds that continued to blow within the industry.

FY2017 saw the Group posting a net profit of \$8.8 million, after tax and non-controlling interests attributable to shareholders of the Company - an increase of 136.9% from \$3.7 million in FY2016. This was our best showing since 2013, when we posted a net profit of \$8.8 million.

The rise in net profit is a testament to the fact that we are on the right track with our consolidation and transformation efforts -- embodied by our "3R" policy which was first implemented in 2014.

The policy entails all our business units to focus on 3Rs -- reduce inventory, reduce account receivables, reduce operating costs. In the initial stages, we focused our efforts on reducing inventory by clearing old stock and curbing excessive purchases to bring the overall stock-holding to below three months' projected sales. We also strove to improve our collection methods to reduce account receivables to healthier levels.

Since 2016, we have devoted our energies to the last but certainly not least of the 3Rs -- reducing our operating costs, right-sizing businesses to align operations with sales, and eliminating non-profit-making assets like our factory in Shanghai.

Four years into its implementation, the 3R policy has helped the Group to reduce excess capacity, optimise our resources and reduce wastage. As such, despite the challenging operating environment, we firmly believe that our strong fundamentals will help us to achieve not only continued and sustainable growth but also deliver stable returns to our shareholders.

FINANCIAL PERFORMANCE REVIEW

The Group posted revenue of \$442.9 million and net profit attributable to equity holders of the Company ("net profit") of \$8.8 million in FY2017, representing a year-on-year decrease of 4.9% in revenue and a 136.9% increase in net profit respectively as compared to FY2016.

The decrease in revenue was mainly due to lower sales in the manufacturing business, while the increase in net profit was aided by the positive contribution from all 3 wheel factories and the complete cessation of our wheel manufacturing operations in Shanghai.

Our gross profit increased by 3.4% to \$103.8 million compared to last year. Our gross profit margin also rose to 23.4% compared to 21.6% in FY2016, thanks to higher gross profit margins from both our distribution and manufacturing businesses.

The distribution business remained the main contributor to the Group's revenue, constituting 72.8% of the total turnover. Reflecting the overall decrease in revenue, the distribution business posted sales of \$322.4 million, 0.4% lower than the same period last year.

Our tyre distribution business continued to be affected by weak market demand and oversupply of tyres, which resulted in intense price

CHAIRMAN'S MESSAGE



pressures. The oversupply has led to price competition and further margin erosion.

Despite the difficult conditions, our distribution business has managed to moderate their impact through sales of different product mix and rigorous cost-control measures.

The Group's wheel manufacturing business registered sales of \$120.5 million, a 15.0% decrease in turnover mainly due to cessation of operation in Shanghai despite higher sales recorded by Suzhou, Malaysia and Taiwan factories. However, we are confident that the consolidation exercise that we have embarked on in the past few years in Malaysia and then China will help our wheel manufacturing business to weather the tough operating environment.

In FY2017, we completed our plans to move the production capacity of our Shanghai factory, including machinery, to our facilities in Suzhou and Malaysia. The restructuring costs related to the cessation of operations in Shanghai, such as retrenchment, impairment of machines, as well as repair and maintenance of the Shanghai factory, had partly impacted the overall profitability of the wheel manufacturing business.

With our mould and wheel manufacturing operations in China now centred just in Suzhou, we expect savings in rental and fixed overhead costs, as well as increased efficiency, to have a positive impact on future profit.

As we continue to right-size our operations in line with changing market and industry demands, we are confident that these measures will help us to strengthen our balance sheet, and provide us with the resources needed as we seek new growth opportunities and markets.

KEEPING OUR BALANCE SHEET STRONG

With our 3R policy helping us to manage costs effectively, the Group's balance sheet remained in a healthy state.

As at 31 December 2017, we generated total net cash flow of \$22.7 million from operating activities, with cash and cash equivalents amounting to \$54.0 million. Total assets stood at \$387.5 million, with \$260.9 million in net assets attributable to shareholders, translating to a net asset value per share of 84.88 cents per share based on the 292.3 million shares in issue. The Group's net gearing ratio was at an acceptable 12.5% as at 31 December 2017.

RETURNING VALUE TO SHAREHOLDERS

Despite the challenging environment, the Board is recommending a first and final tax-exempt cash dividend of \$1.50 cents per ordinary share for FY2017, subject to approval at our annual general meeting to be held on 26 April 2018.

This represents a dividend yield of 3.2% based on the share price closing of \$0.47 as at 31 December 2017 and a dividend payout of 50% of our profit. Our distribution of the dividend is not only a reflection of our commitment to returning value to shareholders but also a recognition of their strong support and belief in YHI.

OUTLOOK AND FORWARD STRATEGY

Global sentiments for 2018 have become more upbeat, with the IMF expecting global economic growth to accelerate to 3.9% this year, driven by improvement in advanced economies.

However, there are risks on the horizon, namely the prospect of a global trade war following President Donald Trump's announcement in March to impose tariffs of 25% and 10% on imported steel and aluminium respectively. The Trump move has sparked fears that other countries would retaliate by imposing their own tariffs to prevent cheap steel being diverted from the US market into theirs.

Other concerns include possible tensions in the Middle East crippling global energy markets, and an economic downturn in China. While the Chinese government has set its GDP growth target at around 6.5 % for 2018, economists noted that its plans to tighten controls on local government debt, and trade tensions with US, may undermine the strong growth China had registered in the first few months of the year.

Such downside risks aside, YHI expects the overall business operating environment to remain challenging, given the intense competition we face in the regions we operate.

We expect intense price competition to continue in 2018 due to the prevailing overcapacity in the tyre industry. However, we are hopeful that the industry is about to turn the corner. As China's economic restructuring efforts proceed apace, which will lead to the closure of thousands of inefficient manufacturing plants, the problem of oversupply in the tyre industry is likely to be contained in the near future.

In 2018, we plan to increase our focus on ASEAN, namely Malaysia, Indonesia and the Philippines.

Malaysia, which is currently our No.1 market, has reaped benefits from the consolidation exercise that saw the moving of our operations from Sepang to Malacca in 2015. Our Malacca operations are now among the best performing within the Group, thanks to the enhanced efficiencies arising from the streamlining of our operations and the leveraging

of greater synergies from operating only one manufacturing facility. We plan to further strengthen our presence in the country — where the markets for tyres and power products are expected to see strong growth in the near future on the back of rising demand for vehicles and increasing purchasing power of consumers — via our subsidiaries, YHI Power (Malaysia) Sdn Bhd, and the newly incorporated YHI Logistics (Malaysia) Sdn Bhd.

YHI Power, incorporated in 2016, handles the export of power products into Malaysia, while YHI Logistics, which was incorporated in January 2018, will focus on the provision of logistics services there.

With its growing middle class and an economy that is expected to grow 5.4 percent in 2018, Indonesia remains a market with strong growth potential for the Group despite some challenges.

For 2018, we also plan to step up our 3M marketing strategy — multi-product, multi-brand and multi-category — in Indonesia, such as developing new sales channels for our tyres, focusing on the premium wheels brand segment, and extending our industrial battery business into non-golf markets.

Following a joint venture agreement signed in October 2017, we will have a stronger foothold in Myanmar from 2018. Our local partner is Aung San Company, a private firm dealing with the import of car products such as wheels, tyres, accessories, spare parts and general merchandise.

The new joint venture company, YHI Aung (Myanmar) Company Limited, will develop and establish the marketing business of car and industrial products in Myanmar.

Australia, whose economy has been affected by falling commodity prices, is also another promising market this year, given that the prices of raw materials had been on an upward trend in recent months. According to an OECD forecast, the Australian economy is likely to grow by 3% in 2018, compared to 2.4% in 2017. The improving economy has led to an uptick in consumer spending, as reflected by the strong sales of new vehicles in recent months.

However, we expect high raw material prices and a weak US dollar to impact the margins of our manufacturing business, given that aluminium is a key component of our wheel manufacturing business.

While we will continue to maintain a presence in China, a country we ventured into 25 years ago, all of our wheel manufacturing operations are now consolidated in one city, Suzhou, following the closure of our Shanghai facility. We expect rental income contribution from the Shanghai factory to have a positive impact on future profit.

Despite our scaled-down presence in China -- where labour and operations costs have been rising in recent years -- we are confident that we will continue to make our mark in the country by leveraging on the brands and quality of our products.

No matter which way the economic winds will blow in 2018, the Group will continue to strengthen our internal processes and mechanisms to ensure that we will not be caught flat-footed.

Back in 2014, we began focusing our energies into implementing the 3Rs across our business to meet the challenges arising from external factors as well as keeping pace with the vagaries of the business landscape. The main concern then was to reduce operating costs through restructuring and right-sizing our businesses, and improving efficiency and productivity.

Since 2016, however, we have started to place greater emphasis on finding new sources of growth, even as we maintain our focus on reducing operating costs. This year, we will continue to pursue this twin strategy of pursuing growth in tandem with cost-controls with even greater zeal. This includes developing new business opportunities by increasing the reach and network of our distribution channels, and seeking synergistic joint ventures, partnerships or other forms of business tie-ups to widen our revenue stream and open up new markets to our products.

We will also continue to invest in research and development, to innovate and improve technical competencies, and harness technology to improve our production processes to bring down further production costs.

IN APPRECIATION

On behalf of our Board of Directors, I would like to express our appreciation to our customers and partners for their support during the year, and to the staff and management for their unwavering commitment and untiring efforts in helping the Group to navigate its way during these highly challenging times.

I am also grateful to our shareholders for their confidence and loyalty to the Group.

Last but not least, my deepest appreciation to the Board of Directors for their invaluable guidance and contribution during the year.

I look forward to working with our stakeholders in FY2018 as the Group prepares itself for the gradual but steady ascent to the top after having weathered the worst of headwinds in the past few years.

Richard Tay

Executive Chairman & Group Managing Director



董事长 献词

亲爱的股东们，

2017年对全球经济而言是美好的一年，虽然对美国总统唐纳德·特朗普的贸易政策表示担忧。

根据国际货币基金组织(IMF)的数据，2017年全球产出增长3.7%，比较与2016年的增长率为3.2%。欧洲、日本、中国和美国的经济激增推动了全球增长。

尽管受到行业内那些不利因素的影响，友发国际有限公司（“友发”或“集团”）在2017年12月31日的财政年度业绩报告，创下这三年来最好的成绩。

2017年集团发布的净利润为8百80万新元，相比2016年的3百70万新元增加了136.9%，这是集团自2013年以来的最佳表现，当时的净利润为8百80万新元。

净利润的增长，证明我们的重组和转型策略已经步入正轨，这包括2014年首次实施的“3R”政策。

3R政策要求所有部门主管着重在降低库存，减少应收账款，降低运营成本。在最初阶段，我们通过清理旧库存和限制过度采购来降低库存，整体库存保持在三个月以下的预计销售额。我们采用更积极的收款方式，将应收账款减少到更健康的水平。

自2016年以来，我们花了很多精力来达成3R政策的目标，如降低运营成本，调整业务规模，并结束非盈利的资产如上海工厂。

实施了四年的3R政策，帮助集团减少了产能过剩，优化资源和减少浪费。因此，尽管经营环境仍具挑战性，但我们坚实的基础将有助于我们不仅实现持续增长，而且能为我们的股东带来稳定的回报。

财务业绩回顾

2017年集团总销售额达到4亿4千2百90万新元，净利润为8百80万新元，比去年同期（2016年财政年度，截止到12月31日）的总销售额减少4.9%，但净利润则增长136.9%。

总销售额的减少主要是由于制造业的销售下降，而净利润的增加则得益于三家轮毂厂利润的贡献及上海轮毂厂的结束。

我们的毛利与去年同期相比增长了3.4%，达到1亿3百80万新元。我们的毛利率亦上升至23.4%，而2016年则为21.6%，我们的批发业务和制造业务都为此贡献了一份力。

批发业务仍然是本集团收入的主要来源，占总营业额的72.8%。由于整体收入下滑，批发业务的销售额为3亿2千2百40万新元，比去年同期低了0.4%。

我们的轮胎批发业务继续受到轮胎供过于求的市场疲弱影响，导致价格面临巨大压力。供应过剩导致价格竞争和进一步的利润空间萎缩。

尽管困难重重，我们的批发业务通过销售不同的产品组合和严格的成本控制措施，缓和了市场环境带来的冲击和影响。

集团的轮毂制造业总销售为1亿2千50万新元，比较去年下降了15%。虽然苏州，马来西亚和台湾工厂今年取得较高的销售额，然而上海厂的结束导致制造业总销售额比去年来得低。但是我们有信心，过去几年来我们在马来西亚和中国进行的整合工作将有助于我们的轮毂制造业务渡过艰难的经营环境。

2017年，我们将上海工厂的机械设备移去了苏州和马来西亚工厂。重组成本，如裁员，机器减值准备以及上海工厂的维修和保养，部分影响了轮毂制造业务的整体盈利。

随着我们把中国的模具及轮毂制造业务集中在苏州，我们预计租金和固定间接成本的节省以及效率的提高将对未来的利润产生正面的影响。

为适应瞬息万变的市场和行业需求，我们不断调整业务规模。我们相信，这些措施将有助于我们加强资产负债表，并为我们提供所需资源，以便开拓新的增长机会和市场。

保持资产负债表强劲之势

我们的3R政策使我们有效地管理成本，因此集团的资产负债表仍然保持健康平稳的状态。

截至2017年12月31日，经营业务之总现金净额为2千2百70万新元，现金及现金等价物达5千4百万新元。资产总额为3亿8千7百50万新元，归属于股东的净资产为2亿6千90万新元，根据发行的2亿9千2百30万股股票，转化为每股净资产84.88分。集团的净资产负债率为12.5%在可接受范围内。

回馈股东

尽管市场环境充满挑战，董事会仍提出2017年派发首末期股息1.5分每股，此提案会在2018年4月26日的年度大会中商讨决议。

截至2017年12月31日股票收盘价为每股0.47分，此股息收益率为3.2%，股息支付占集团总利润的50%。集团派发股息不仅反映了对股东回报的承诺，也为了回馈股东们对友发的支持和信任。

展望未来

随着经济体系的改善，国际货币基金组织预计今年的全球经济增长将加速至3.9%，因此2018年全球环境变得更加乐观。

然而，在唐纳德·特朗普总统3月份宣布美国将对进口钢铁和铝征收25%和10%关税后，全球贸易战即将拉开帷幕。人们不得不担心其他国家会通过提高自家的关税来进行抵制。特朗普的举动引发了人们的担忧，其他国家会通过征收自己的关税来阻止廉价钢铁从美国市场转入他们的国家来进行报复。

其他问题包括中东可能出现的全球能源市场紧张局势和中国的经济低迷。尽管中国政府已将其2018年GDP增长目标定在6.5%左右，但经济学家指出，加强地方政府债务的控制以及与美国贸易紧张局势可能会破坏中国的计划，特别在2018年头的几个月。

抛开这些风险不谈，我们运营地区也竞争激烈，预计友发整体业务运营环境仍然具有挑战性。

由于轮胎行业普遍存在产能过剩，我们预计激烈的价格竞争将在2018年继续。然而，我们对行业即将好转寄予希望。随着中国经济结构调整迅速展开，导致成千上万经营不善的工厂将随之倒闭，在不久的将来，相信轮胎行业这种供过于求的问题会被控制。

2018年，我们计划把重点放在东南亚市场，包括马来西亚，印尼和菲律宾。



目前马来西亚是我们的主要市场，在2015年从雪邦厂迁移至马六甲的合并活动中，得到效率的提升。我们的马六甲工厂现已成为集团内表现最佳的公司之一，这归因于我们的业务精简和综合一家制造工厂带来更大协同效应。

通过我们的子公司YHI Power (Malaysia) Sdn Bhd)以及新设立的YHI Logistics (Malaysia) Sdn Bhd, 我们计划进一步加强我们在该国的影响力 - 由于车辆需求和消费者购买力的增加，预计轮胎和电力产品市场在不久的将来会出现强劲增长。

YHI Power于2016年成立，负责向马来西亚推广电力产品，而于2018年1月设立YHI Logistics将专注于提供物流服务。



董事长 献词

随着中产阶级和经济的增长，预计2018年会增长5.4%，尽管面临一些挑战，但印尼仍然是集团具有强劲增长潜力的市场。

2018年，我们还计划加强我们在印尼的3M营销策略-多产品，多品牌和多类别-例如开发新轮胎销售渠道，专注于优质轮毂品牌市场，并扩展我们的工业电池业务。

在2017年10月我们和缅甸合伙人签署的合资协议在当地设立公司，合作伙伴是Aung San Company。这是一家私营公司，负责进口汽车产品，如轮毂，轮胎，配件，零配件和一般商品。

新合资公司YHI Aung(Myanmar) Company Limited 将在缅甸开发和建立汽车和工业产品的营销业务。

由于商品价格下跌，澳大利亚的经济在过去几年里表现欠佳，不过今年也将是另一个前景看好的市场。根据经合组织预测，2018年澳大利亚经济可能增长3%，而2017年为2.4%。经济改善导致消费者支出增加，反映近几个月新车销量强劲。

鉴于铝锭是我们车轮制造业务的主要生产物料，我们预计原材料价格提高以及美元疲软将影响我们制造业务的利润率。

然而我们不会放弃中国市场，在25年前我们就在中国进行投资。结束上海工厂后，我们将所有的轮毂制造业务合并到苏州。我们预计上海工厂的租金收入将会提高未来的利润。

尽管我们在中国的业务规模缩减，但近年来劳动力和运营成本一直在上涨，所以我们将继续在国内推广我们的品牌和提高产品的质量。

无论2018年经济如何，集团将继续加强内部程序和机制，未雨绸缪，做好充分准备迎接挑战。

早在2014年，我们开始着力贯彻实行3R政策，以应对外来的各种挑战与变幻莫测的商业环境，使我们的脚步与时俱进。当时的重点是通过重组和调整我们的业务规模来降低运营成本，提高效率和生产力。

自2016年以来，尽管我们还是把重点放在降低运营成本上，同时我们也寻找新的增长来源。今年，我们将进行“节约与发展共存”这种双管齐下的战略，即是寻求销售增长与成本控制。这包括增加分销渠道的范围和网络，寻求合作的合资企业、商业伙伴关系或其他形式的业务合作来发展新的商业机会，以扩大我们的收入来源，并为我们的产品开拓新的市场。

我们还将继续投资于产品技术研发这一块，并利用技术改善我们的生产工艺流程，进一步降低生产成本。

感谢

我代表董事会，向我们的客户和合作伙伴在这一年中对友发的支持表示感谢；谢谢所有员工和管理人员对友发的忠守和不懈的努力，是他们在极具挑战的困境中帮助集团渡过难关。

当然我也要感谢我们的股东们对本集团的充分信任和忠诚。

最后，我要向董事会在这一年里对友发给与宝贵建议和贡献致以最真诚的感谢。

2018年，我期待着与我们的股东们一起努力，在度过了最困难的几年后，本集团正整装待发，朝着巅峰逐步平稳上升。

郑添和

执行主席兼集团董事长

SETTING OUR SIGHTS ON A COMMON GOAL



BUSINESS REVIEW

After a challenging 2016, the global economy improved in 2017, with many countries registering strong economic growth. Singapore's trade-reliant economy also staged a turnaround last year, due largely to improving global demand for electronics products. Still, natural disasters, geopolitical tensions, and the continued threat of terrorism and political uncertainty in many parts of the world continued to result in weak sales and lacklustre earnings for many corporations.

For YHI International Limited ("YHI" or the "Group"), the overall business operating environment continued to be a challenging one in 2017, given the intense competition in the region, rising raw material prices and a weak US dollar.

Despite the challenges, the Group has managed to stay the course, thanks to a strong management team which continued to lead the way in implementing YHI's tried-and-tested "3R" policy of reducing inventory, reducing account receivables and reducing operation costs.

Complementing our 3R policy is the strategy of developing new business opportunities through the "3M" sales initiatives -- multi-product, multi-brand and multi-category. The strategy has helped us to expand the reach of our distribution channels and explore business tie-ups, such as joint ventures and partnerships.

One such new partnership was entered into on October 2017 in Myanmar, through its wholly owned subsidiary YHI Corporation (Singapore), teaming up with Aung San Company, a private firm dealing with the import of car products such as wheels, tyres, accessories, spare parts and general merchandise.

The new joint venture company, YHI Aung (Myanmar) Company Limited, will develop and establish the marketing business of car and industrial products in Myanmar.

The Group registered revenue of \$442.9 million and net profit attributable to equity holders of the Company of \$8.8 million for



the financial year ended 31 December 2017 ("FY2017"). This was our best net profit result since 2013, when we posted a net profit of \$8.8 million.

Our gross profit margin increased from 21.6% to 23.4%, thanks to the higher contributions from both the distribution and manufacturing arms, our two main business segments.

As a business with operations in 16 countries and more than 30 cities, spanning the geographical regions of ASEAN, North East Asia, Oceania and North America, we have been able to diversify our risks in terms of product cycles and market trends.

ASEAN -- especially Malaysia, Indonesia and the Philippines -- remained the leading contributor to our total revenue, with 43%. Oceania was the second largest contributor in 2017, with 28%, followed by North East Asia with 24% and North America with 5%.

Segmentally, in terms of products, the tyre segment contributed 44.1% to the total revenue. Revenue from the wheels segment and the industrial power segment constituted 36.5% and 19.4% of total revenue respectively. While the tyre business continues to face challenges, the higher revenue reported by the industrial & automotive division helped to mitigate the impact on the distribution business.

The distribution business, accounting for 72.8% of the Group's total revenue, recorded a decrease in sales of 0.4% from \$323.8 million in FY2016 to \$322.4 million in FY2017.

Manufacturing business, accounting for the remaining 27.2% of YHI's revenue, saw a 15.0% decline in sales, from \$141.8 million in FY2016 to \$120.5 million in FY2017, as a result of cessation of operation at our Shanghai factory, despite higher revenue reported by Suzhou, Malaysia and Taiwan factories.

DISTRIBUTION BUSINESS

The Group's distribution business continues to be the driving force behind our growth and expansion, as we build on our multi-product, multi-brand and multi-category strategy.

With operations in 16 countries, we offer 5 main products and more than 45 brands in our portfolio. The brands include some of the world's famous tyre brands such as Yokohama, Nitto, Nankang, Nexen, Pirelli, Achilles and our very own proprietary brand, Neuton Tyres.

YHI is also a distributor of a wide range of industrial power products -- from automotive and rechargeable batteries for commercial and industrial use to solar panels, chargers and UPS (uninterruptible power supply) -- from many well-known brands. They include Hitachi, Trojan, CSB, Benning, Crown, Vision, FIAMM, Jinko Solar and the Group's own proprietary brand, Neuton Power.

As part of ongoing efforts to offer quality products to our customers, Neuton Power launched its premium series, Neuton Power K - Mark II, in July 2017. This premium series offers automotive batteries with higher specifications and a longer warranty period. By the first quarter of 2018, about 7,300 pieces of the premium series had been sold in the Myanmar market, and we plan to extend the sale of these high-end batteries to other Asian markets this year.

In addition, we also distribute golf and utility buggies from E-Z-Go and Cushman. A smaller portion of our business involves the distribution of alloy wheel products, which include leading names such as Enkei, OZ, Konig, Breyton and the Group's own proprietary brand, Advanti Racing.

In terms of revenue based on products distributed, the revenue of the tyres segment represented about 60.6% of the distribution business, followed by 26.7% of the industrial power segment, and 12.7% for the wheels segment respectively.

For the distribution business, the tyre business continued to face challenges due to the prevailing tyre glut arising from overcapacity and weak demand in recent years. Coupled with fierce competition, the tyre distribution business continued to be buffeted by intense price competition.

For FY2017, our key markets -- ASEAN, North East Asia and Oceania -- many of which are resource-based, continued to grapple with tepid business and consumer demand even though commodity prices had staged a recovery. The markets where we faced margin pressures included China, Thailand, Indonesia, Malaysia and Vietnam.

Within ASEAN, the Philippines recorded reasonable growth in the tyre business, while Singapore reported respectable growth in the industrial power and buggies business.

For our Oceania markets, New Zealand reported respectable performance with the solar power business, driving growth in this business segment. The industrial power business in Australia recorded low double-digit growth.

For our Australian operations, the Group in FY2017 decided to consolidate our warehouse operations of the two subsidiaries in Sydney



into one bigger warehouse to reduce costs and improve efficiency.

The challenges notwithstanding, the Group continued to explore ways to grow the distribution business. Apart from extending our network of regional sales channels and enhancing our logistics support facilities, we also intensified our marketing efforts to support YHI's brands such as Neuton Tyres.

We plan to introduce more varieties for our Neuton Tyres, which now have over 200 sizes to meet consumers' growing thirst for specialised tyres. Apart from introducing tyres in the Mud Terrain category, we will expand the line-up for the tyre sizes in the SUV category, as well as the 4x4 category for Highway Terrain and All Terrain. The line-up for the Passenger Car category will be extended with a focus on the UHPT (Ultra High Performance Tyre) segment and staggered sizes. New quality tyres aside, we will continue to explore ways to meet the needs of niche segments in the regions we operate.

Our industrial power segment performed reasonably well in light of the challenging conditions.

MANUFACTURING BUSINESS

We continued to keep an eye on costs in 2017, by right-sizing our operations and implementing a slew of measures to reduce high fixed overheads and increasing business costs. The restructuring exercise helped us to eliminate idle capacity and transfer resources to facilities which were operating in full capacity.

In FY2017, we completed our plans to move the production capacity of our

BUSINESS REVIEW

Shanghai factory, including machinery, to our facilities in Suzhou and Malaysia. The restructuring costs related to the cessation of operations in Shanghai, such as retrenchment, impairment of machines, as well as repair and maintenance of the Shanghai factory, had partly impacted the overall profitability of the wheel manufacturing business.

While headwinds continued to blow our way in 2017, there were still some bright spots in this segment. The Group had successfully leased out its Shanghai factory, with the tenant taking possession of the property on 1st November 2017. The rental income from the factory is expected to contribute positively in 2018.

In terms of sales by geographical segment, Europe continued to lead the pack, with 46% of our sales coming from the European market, followed by North America, Japan, Asia-Pacific & Others with 26%, 14% and 14% respectively.

The China move came on the heels of a similar successful exercise in Malaysia, where we consolidated our wheel manufacturing activities into a single factory in the state of Malacca. Some of the machinery from the Shanghai plant had also been moved to the Malacca facility.

We transferred our precision moulding activities from Shanghai to Suzhou in early FY2016 as part of our consolidation exercise in China. The move helped us to realise savings from rental and fixed overhead costs. Our mould & wheel manufacturing activities are now centred in Suzhou.

With the transfer of production capacity, the Group is well-placed to meet the growing demands placed on its Malaysian facilities from customers requiring wheels to be manufactured outside of China. Such demands have been growing in the wake of the anti-dumping duty imposed on China-manufactured aluminium wheels imported into the European Union.

We expect to reap substantial costs savings, increased efficiency and greater synergy in our business as we proceed with our rationalisation of assets and consolidation of operations.

While the Group deals with the challenges arising from unexpected events and cyclical downturns, we have not lost sight of the long term -- remaining at the forefront of technology to maintain our competitive edge. We will continue to invest in research and development so that we can build better, stronger and higher performing products more cost-effectively, whether in our capacity as an Original Design Manufacturer or Original Equipment Manufacturer.

Our proprietary Advanti Racing brand -- which bears the trademark of YHI's impeccable craftsmanship twinned with advanced technology -- continued to made its mark in the alloy wheels segment. In 2016, the Group celebrated the brand's 20th anniversary, and we will work towards strengthening further Advanti's position as a global leader in alloy wheels.

BUSINESS OUTLOOK

While global economic growth is expected to be stronger in 2018 compared to last year, economies around the world must also grapple with several challenges. These include the growing risk of trade disputes, especially between China and the United States, monetary policy normalization in the form of higher interest rates in advanced economies, and technological changes.

The Group expects the overall business operating environment to remain challenging in view of intense competitions in the regions. We expect a weakening US dollar and high raw material prices -- aluminium prices had gone up in the last 12 months -- to impact the margins of our business in 2018.

While we will continue to pursue our 3R policy to alleviate the impact of soft demand, 2018 will also see the Group placing even more emphasis on growth by strengthening our distribution channels, stepping up our marketing efforts and exploring new business partnerships, joint ventures, M&As, or other forms of business structures.

For our wheel manufacturing business, we will continue to keep a lid on operating and related costs, and exploit synergies arising from closer collaborations and shared resources.

We will continue to leverage on technology, focus on research and innovation to ensure that we remain competitive in a highly competitive industry. Innovation, after all, has long been part of the Group's DNA. Our cutting-edge Dynamic Spinning Technology (DST), which uses flow forming technology to produce stronger and better performing wheels under the Advanti Racing brand, is acknowledged for its excellence in wheel design and production.

With the increasing prevalence of e-commerce, we are also strengthening our e-commerce platform to allow clients to purchase our products online.

Hardware aside, we will continue to invest in R&D and nurture our staff to develop an innovative mindset so that YHI will always remain at the forefront of technological developments.

In 2017, the Group posted its best net profit result since 2013 despite the overall challenging conditions. After navigating rough terrain in the past few years, we are confident that we are poised to make that ascent to the top from 2018.

PULLING TOGETHER TOWARDS GREATER HEIGHTS



FINANCIAL REVIEW

INCOME STATEMENT REVIEW

YHI Group delivered a respectable financial performance in FY2017 despite the challenging operating environment.

After the consolidation of our wheel manufacturing operations from Shanghai to Suzhou in 2016, there is now a better allocation of resource and realignment of operating costs. Indeed, our strategy and efforts have been rewarded as the net profit after tax and non-controlling interests increased by 136.9% to \$8.8 million partially aided by the positive contribution from all 3 wheel factories in FY2017.

The Group achieved a turnover of \$442.9 million, a decrease of 4.9% (or \$22.7 million) from \$465.6 million in FY2016 due to lower sales in manufacturing business as compared to last year.

Distribution business, accounting for 72.8% of the Group's total turnover, recorded a decrease of 0.4% (or \$1.4 million) in turnover, from \$323.8 million (FY2016) to \$322.4 million (FY2017) mainly due to lower sales in our tyre and wheel division cushioned by higher sales in our industrial & automotive batteries division. Our wheel manufacturing business, accounting for 27.2% of the Group's total turnover, recorded a decrease of 15.0% (or \$21.3 million) in turnover, from \$141.8 million (FY2016) to \$120.5 million (FY2017) mainly due to the cessation of operations at Shanghai factory, despite higher turnover reported by Suzhou, Malaysia and Taiwan factories.

Gross Profit increased by 3.4% (or \$3.5 million) to \$103.8 million (FY2017) from \$100.3 million (FY2016). The Group's gross profit margin increased to 23.4% in FY2017 compared to 21.6% in FY2016 mainly due to higher gross profit margin from both our distribution and manufacturing business.

Gross profit margin of the distribution business increased mainly due to the change in our product mix in our distribution business in FY2017 compared to FY2016. We recorded higher sales and gross profit margin from our industrial & automotive batteries division in FY2017. Our alloy wheels division also recorded higher gross profit margin compared to FY2016. Gross profit margin of our tyres division in FY2017 was relatively flat compared to FY2016.

Gross profit margin of the manufacturing business increased in FY2017 mainly due to higher sales and gross profit margin recorded for our after-market alloy wheels manufacturing business at our Suzhou factory. In addition, gross profit margin in FY2016 included our OEM alloy wheels manufacturing business at our Shanghai factory that yielded lower gross profit margin. Our Shanghai factory ceased production at the end of FY2016.

A review of the Group's turnover by geographical markets of ASEAN, North East Asia, Oceania and Others contributed 43%, 24%, 28% and 5% respectively. The turnover in ASEAN, our largest revenue contributor, increased by 2.6% to \$189.8 million mainly due to higher revenue in Singapore and Philippines. The turnover in North East Asia decreased by 19.8% to \$106.0 million mainly due to cessation of operations at Shanghai factory despite higher sales recorded in Suzhou and Taiwan factories. The turnover in Oceania decreased by 3.7% to \$125.5 million due to lower revenue in Australia despite recorded higher revenue in New Zealand. Lastly, the turnover in Others increased by 18.7% to \$21.6 million due to higher revenue in USA.

Other gains increased by 28.8% (or \$1.0 million) in FY2017 to \$4.4 million compared to \$3.4 million in FY2016 mainly due to lease rental income from Shanghai factory.

In tandem with its continual cost management efforts, the Group's total operating expenses decreased by 1.9% (or \$1.8 million) to \$95.1 million in FY2017 from \$96.9 million in FY2016.

Distribution expenses decreased by 4.8% (or \$2.1 million) in FY2017 to \$42.4 million compared to \$44.5 million in FY2016 mainly due to lower advertising and promotion expenses, commission and travelling expenses.

Administrative expenses increased by 2.4% (or \$1.2 million) in FY2017 to \$49.3 million compared to \$48.1 million in FY2016 mainly due to reinstatement costs, impairment of plant and equipment, retrenchment compensation to workers and depreciation charge reclassified from cost of goods sold to administrative expenses arising from the cessation of operations at our Shanghai factory. Excluding these expenses relating to the cessation of operations, administrative expenses would have been flat at \$45.0 million, same as FY2016.

Financing costs decreased by 19.0% (or \$0.8 million) in FY2017 to \$3.5 million compared to \$4.3 million in FY2016 mainly due to lower interest costs incurred.

Our associated company reported better performance and our share of profits was \$2.1 million in FY2017 compared to \$1.5 million in FY2016. Income tax expense increased by 45.6% (or \$1.8 million) mainly due to higher Group profit before tax for the year.

FINANCIAL POSITION REVIEW

The Group continue to maintain its strong financial position benefiting from its commitment and focus on building its core strategies and business fundamentals.

As at 31 December 2017, total assets amounted to about \$387.5 million comprising \$267.1 million of current assets and \$120.4 million of non-current assets. Total liabilities amounted to about \$126.6 million comprising current liabilities of \$109.0 million and non-current liabilities of \$17.6 million. Shareholders' equity including non-controlling interests amounted to \$260.9 million, giving a net assets value per share of 84.88 Singapore cents.

The Group's net working capital increased to \$158.0 million in FY2017 from \$150.4 million with current ratio at 2.5 times and cash and cash equivalent of \$54.0 million as at 31 December 2017.

Trade and other receivables decreased from \$108.0 million to \$100.1 million mainly due to diligent collection methods from certain distribution customers. Except for those trade receivables where a specific provision has been made, most of the trade receivables that remained outstanding at the end of FY2017 were still within the acceptable credit terms.

Inventories decreased from \$112.9 million to \$111.7 million mainly due to Group's conscious efforts to reduce inventory level as part of the Group's 3"R" policy - Reduce inventory, Reduce accounts receivable, Reduce operating cost.

Non-current assets held for sale of \$0.7 million are freehold land and building at our Australia subsidiary reclassified from property, plant and equipment (non-current assets category) to non-current assets held for sale (current assets category) due to the sale of the property pending completion in 2018.

Transferable club membership, at cost decreased from \$0.2 million to \$0.04 million mainly due to termination of Jurong Country Club memberships.

Property, plant and equipment decreased from \$105.9 million to \$82.3 million mainly due to reclassification of freehold land and building at our Australia subsidiary to non-current assets held-for-sale and reclassification of leasehold land and building at Shanghai factory to investment property.

Investment property of \$11.0 million is leasehold land and building at Shanghai factory reclassified from property, plant and equipment.

Intangible assets increased from \$4.2 million to \$4.9 million mainly due to the implementation costs of ERP system capitalised and started amortisation in FY2017.

Deferred income tax assets increased from \$3.3 million to \$4.2 million mainly due to deferral of capital gains tax payable on the sale of freehold land and building at our Australia subsidiary.

Trade and other payables decreased from \$44.7 million to \$36.5 million mainly due to trade payments to trade suppliers.

Income tax liabilities increased from \$0.6 million to \$2.0 million mainly due to higher Group profit before tax for the year.

Borrowings (current & non-current) decreased from \$98.4 million to \$85.4 million due to repayment of bank borrowings during the year.

Gross gearing stood at 34% as at 31 December 2017, improved from 41% in the year before.

Group's net borrowings (net of cash) decreased from \$47.0 million to \$31.0 million and net gearing ratio improved from 19% to 13% at the end of 31 December 2017. The reduced net borrowings mainly due to repayment of borrowings for the financial year ended 31 December 2017.

Other reserves, consist of foreign currency translation losses on overseas investments, increased from \$19.9 million to \$20.9 million mainly due to the weakening of RMB against SGD.

CASH FLOWS REVIEW

The Group's cash and cash equivalent amounted to \$54.0 million at 31 December 2017 compared to \$50.4 million reported as at 31 December 2016. During the year in review, the Group generated \$22.7 million in operating activities and utilised about \$2.6 million in investing activities mainly for the purchase of plant and equipment and intangible assets. A total of \$16.1 million was used in financing activities mainly for the repayment of bank borrowings.

DIVIDEND

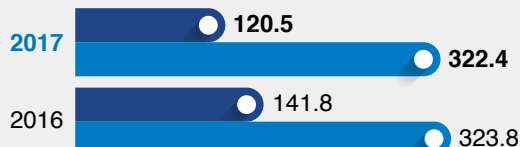
The Board of Directors has proposed a first and final (one-tier tax-exempted) dividend payout of 1.50 Singapore cents per share, subject to shareholders' approval at the Company's Annual General Meeting on 26 April 2018.

This translates to a dividend yield of 3.4% based on \$0.445 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 2.99 Singapore cent for FY2017.

GROUP REVENUE (S\$ 'MILLION)

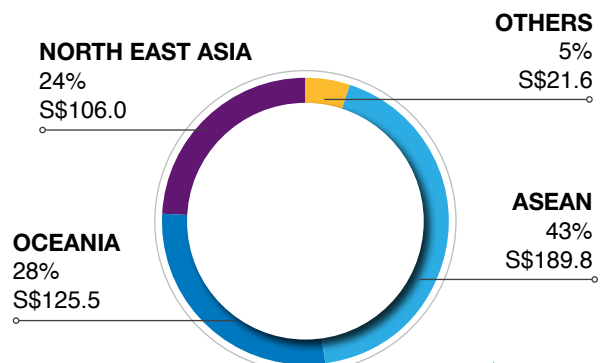


REVENUE BY BUSINESS SEGMENTS (S\$ 'MILLION)



Manufacturing Distribution

REVENUE BREAKDOWN BY GEOGRAPHICAL MARKETS (S\$ 'MILLION)



CORPORATE MILESTONES



1948

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

- 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.

**1973-
1975**



**1980-
1995**

- 1980: Completion of head office at No. 2 Pandan Road, Singapore.
- Started expanding overseas into Malaysia (1980), followed by China and Hong Kong (1989). Ventured into Australia (1992), followed by Indonesia (1994) and New Zealand (1995).

- 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.

1996



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.

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

2000



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.

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

2005



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.



CORPORATE MILESTONES


2007

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

- 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.

2008

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.

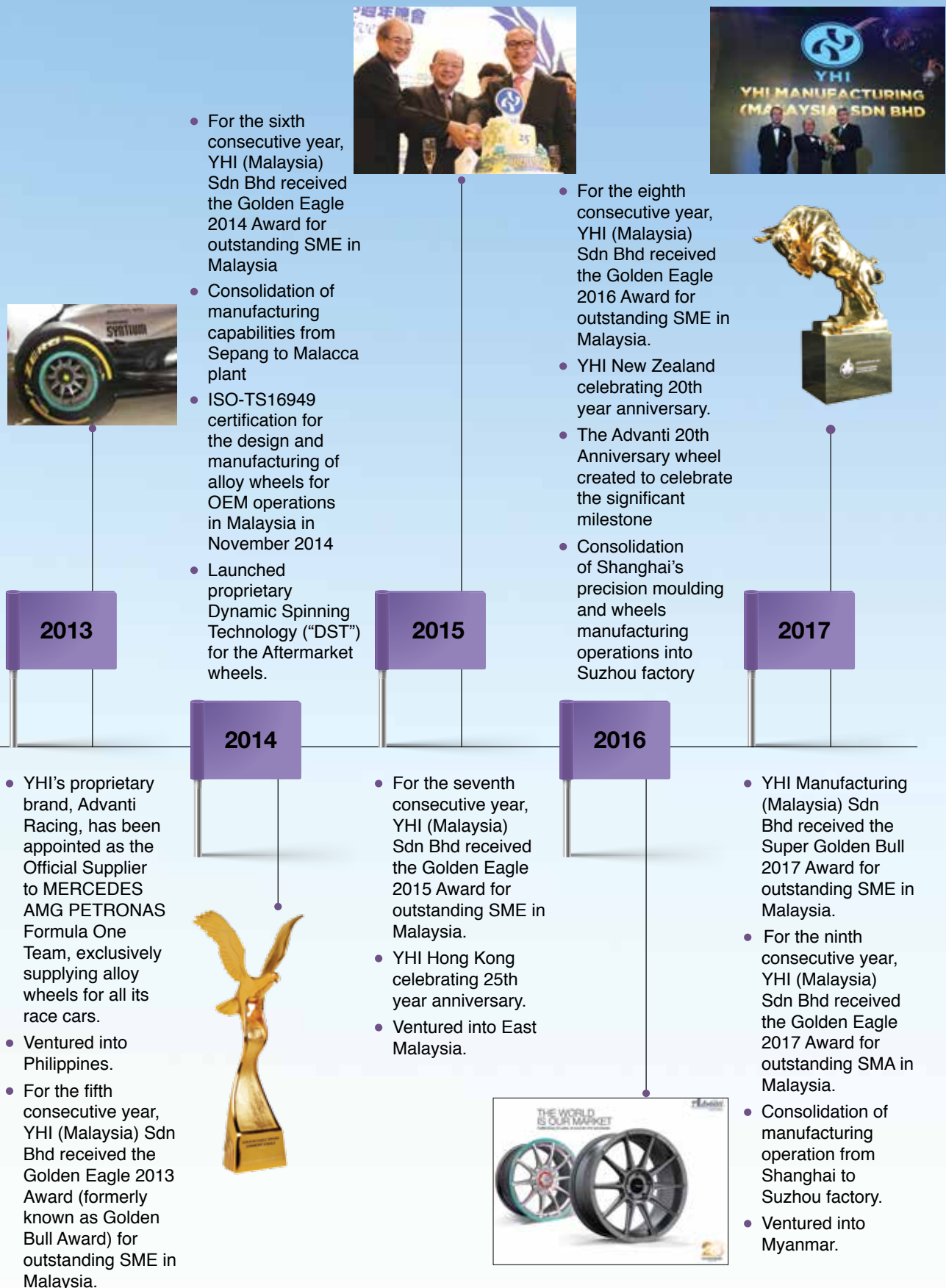

2011

- 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.





BOARD OF DIRECTORS



1



2

MR TAY TIAN HOE, RICHARD, 66

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 42 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 re-appointed on 28 April 2015.



3



4

MR TAY TIANG GUAN, 65

Executive Director

Mr Tay Tiang Guan is the Executive Director of our Group. He has more than 37 years of business experience and has extensive knowledge in the automotive and industrial products industry.

He is responsible for spearheading our 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 2016.



5



6

MR HENRY TAN SONG KOK, 53

Lead Independent Director

Mr Henry Tan was appointed to the Board on 22 May 2003 and last re-appointed on 28 April 2015. He currently chairs the Audit Committee and is a member of our Remuneration Committee and Nominating Committee. He is the Managing Director of Nexia TS Public Accounting Corporation and the Nexia TS Pte Ltd. He was the past Asia Pacific Regional Chairman and board member of Nexia International.

He holds directorship for several companies. He is a director of Raffles Education Corporation Limited, China New Town Development Co Ltd, BH Global Corporation Limited & Yinda Infocomm Limited. He is Chairman of the Nanyang Business School Alumni Advisory Board of NTU.

1. Mr Tay Tian Hoe, Richard
2. Mr Tay Tiang Guan
3. Mr Henry Tan Song Kok
4. Mr Yuen Sou Wai
5. Mr Hee Theng Fong
6. Mr Phua Tin How

Mr Tan graduated with a First Class Honours Degree in Accountancy from the National University of Singapore. He is a Fellow of the Institute of Singapore Chartered Accountants, Institute of Chartered Accountants in Australia and New Zealand, CPA Australia and Insolvency Practitioners Association of Singapore Ltd and Singapore Institute of Directors and a member of Institute of Internal Auditors, Inc (Singapore Chapter) and Singapore Institute of Accredited Tax Professional Limited.

MR YUEN SOU WAI, 64
Independent Director

Mr Yuen Sou Wai was appointed to the Board on 22 May 2003 and re-designated as an Independent Director from Non-Executive Director on 25 February 2014 and was last re-appointed as Independent Director on 26 April 2017. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

He was formerly our Group Chief Financial Officer as well as Executive Director responsible for the Group's operations in Australia, New Zealand, Italy, United States America (USA) and Canada before his appointment as a Non-Executive Director on 1 September 2009.

Mr Yuen is presently the Lead Independent Director of Chew's Group Limited and Huatong Global Limited. He is also Chairman of the Audit Committee at these companies, which are listed on Catalist of the SGX-ST.

He has more than 36 years of broad based financial management experiences in various large local and global multinational companies. He had held several senior financial positions including Chief Financial Officer, Regional Finance Director and Group Controller in the Asia Pacific region.

Mr Yuen holds a Master in Business Administration Degree from the University of Leicester, United Kingdom. He is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

MR HEE THENG FONG, 63
Independent Director

Mr Hee Theng Fong was appointed to the Board on 22 May 2003 and was last re-appointed on 28 April 2016. He currently chairs the Remuneration Committee and is a member of our Audit Committee. Mr Hee will be retiring at the forthcoming annual general meeting and will not be standing for re-election.

He is a Consultant of Eversheds Harry Elias LLP and has been practising as an Advocate and Solicitor of the Supreme Court of Singapore since 1982.

Mr Hee is also a director of several companies including Tye Soon Limited, First Resources Limited, Straco Corporation Limited and China Jinjiang Environment Holding Company Limited.

He is on the panel of arbitrators of the Singapore International Arbitration Centre (SIAC), Beijing Arbitration Commission (BAC), China International Economic and Trade Arbitration Commission (CIETAC), Shanghai International Arbitration Centre (SHIAC), Kuala Lumpur Regional Centre for Arbitration (KLRC) and Hong Kong International Arbitration Centre (HKIAC).

MR PHUA TIN HOW, 67
Independent Director

Mr Phua Tin How was appointed to the Board on 22 May 2003 and was last re-appointed on 26 April 2017. He currently chairs the Nominating Committee and is a member of our Audit Committee and Remuneration Committee.

Mr Phua held senior appointments in the public service before becoming Group President and CEO of the DelGro Group of companies and the Singapore Bus Services respectively from 1994 to 2003. He is also a director of several companies in Singapore, with the latest appointment as Independent Director & Non- Executive Chairman of Valuemax Group Limited in Oct 2013.

He holds an MBA from INSEAD, France and a Bachelor of Science (Hons) Degree from the University of Singapore.

SENIOR MANAGEMENT TEAM



1



2

MR GARY SU THIAM HUAT

Group Chief Financial Officer (CFO)

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 20 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 from the Association of Corporate Treasurers, UK. He is a Fellow of the Association of Chartered Certified Accountants, UK, associate member of the Association of Corporate Treasurers, UK and a member of the Institute of Singapore Chartered Accountants.



3



4



5

MR ALEX ONG CHIN KIONG

Chief Operating Officer (COO)

Distribution Group

Mr Alex Ong is responsible for the development of strategic business goals as well as operational implementation for YHI Distribution Group. He oversees the business operation of all the subsidiaries within the Group, including principal relationship maintenance and product sourcing.

He is responsible for generating synergy within the YHI Distribution Group and leveraging technology to better manage and develop the distribution channels.

He first joined the Group in 2000 as Sales Manager (Industrial Power Solution) after four years with his previous company as a Regional Operations Manager. To date, Mr Ong has more than 20 years of business experience in sales operations and has extensive knowledge of the transportation, automotive and industrial products industries.

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

1. Mr Gary Su Thiam Huat
2. Mr Alex Ong Chin Kiong
3. Mr Lu Chun Ya
4. Mr Robert Tan Yong Quan
5. Ms Amy Soo Wee Hsien

MR LU CHUN YA

Group General Manager, Manufacturing Group,
North East Asia Operations

Mr Lu Chun Ya was appointed Group General Manager of the YHI Manufacturing Group, China operations on 3 December 2013. His portfolio was extended to cover the management of Taiwan factory in 2017. With over 25 years of experience in alloy wheels manufacturing, he is now responsible for overseeing our business operations in China and Taiwan as well as the alloy wheels manufacturing plants in Suzhou and Taiwan respectively.

Mr Lu first joined YHI International (Taiwan) Co., Ltd as a Quality Assurance Manager in 1998 and was promoted to General Manager of Production Division of YHI Manufacturing Group. He was responsible for the business operations of the alloy wheels manufacturing plant in Shanghai before he left YHI in September 2010.

Prior to joining YHI International, he was a consultant with NingBo Superim Shenglong Technologies Co. Ltd from 2011 to 2012.

Mr Lu holds a Bachelor of Mechanical Engineering degree from Zhong Yuan University, Taoyuan, Taiwan.

MR ROBERT TAN YONG QUAN

General Manager, ASEAN Management

Mr Robert Tan is General Manager, ASEAN Management. He has over 15 years of experience managing the YHI distribution group in ASEAN and is responsible for overseeing the business operations in Thailand, Malaysia, Vietnam and the Philippines. In Singapore, he oversees the management of the Operation Process Centre (OPC) of YHI Corporation (S) Pte Ltd.

Mr Tan holds an Advanced Diploma in Information System Technology from the Singapore Polytechnic; a Graduate Diploma in Marketing from CIM UK; a Bachelor of Commerce (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 the 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 LEE TECK HOCK
General Manager
YHI (Malaysia) Sdn Bhd



MR ALAN HSU
General Manager
YHI Manufacturing
(Malaysia) Sdn Bhd



MR THAM KONG MOO
General Manager
Evo-Trend Corporation
(Malaysia) Sdn Bhd

MALAYSIA



**MR THOMAS
CHANG HONG WOEI**
General Manager
YHI (East Malaysia)
Sdn Bhd



**MR JACKY
KOK CHEE CHEN**
Deputy General Manager
YHI Power (Malaysia)
Sdn Bhd



**MR NARONGRIT
NARONGVITAYAKARN**
General Manager
YHI Corporation
(Thailand) Co., Ltd



MR EKA SATRIA
Deputy General Manager
PT YHI Indonesia

THAILAND

INDONESIA

VIETNAM

BRUNEI

PHILIPPINES

HONG KONG



MR TAN FOONG SIONG
Manager
YHI (Vietnam) Co., Ltd



MR RICKEY TAY
Manager
YHI Corporation (B) Sdn Bhd



MR JASON G. DELLOSO
General Manager
YHI (Philippines) Inc



MR BENNY KAN
General Manager
YHI (Hong Kong) Co., Ltd

CHINA



MR LIN CHEN WEI
General Manager
YHI Advanti Manufacturing
(Suzhou) Co., Ltd



MR WU MENG
General Manager
YHI Advanti (Shanghai)
Co., Ltd & YHI Corporation
(Shanghai) Co., Ltd



MR WANG ZHAN WEI
Deputy General Manager
YHI Corporation (Guangzhou)
Co., Ltd & YHI Corporation
(Beijing) Co., Ltd

TAIWAN



MR LIU DE SEN
General Manager
YHI International
(Taiwan) Co., Ltd

AUSTRALIA



MR TONY SUHAN
Managing Director
YHI (Australia) Pty Ltd



MR DAVID CHEN
Managing Director
YHI Power Pty Ltd



**MR CHRISTOPHER
TALBOT**
Managing Director
YHI (New Zealand) Ltd.

USA



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



MR RAYMOND CHAN
President
Advanti Racing USA, LLC

ITALY



MR CLAUDIO BERNONI
Managing Director
O.Z. S.p.A

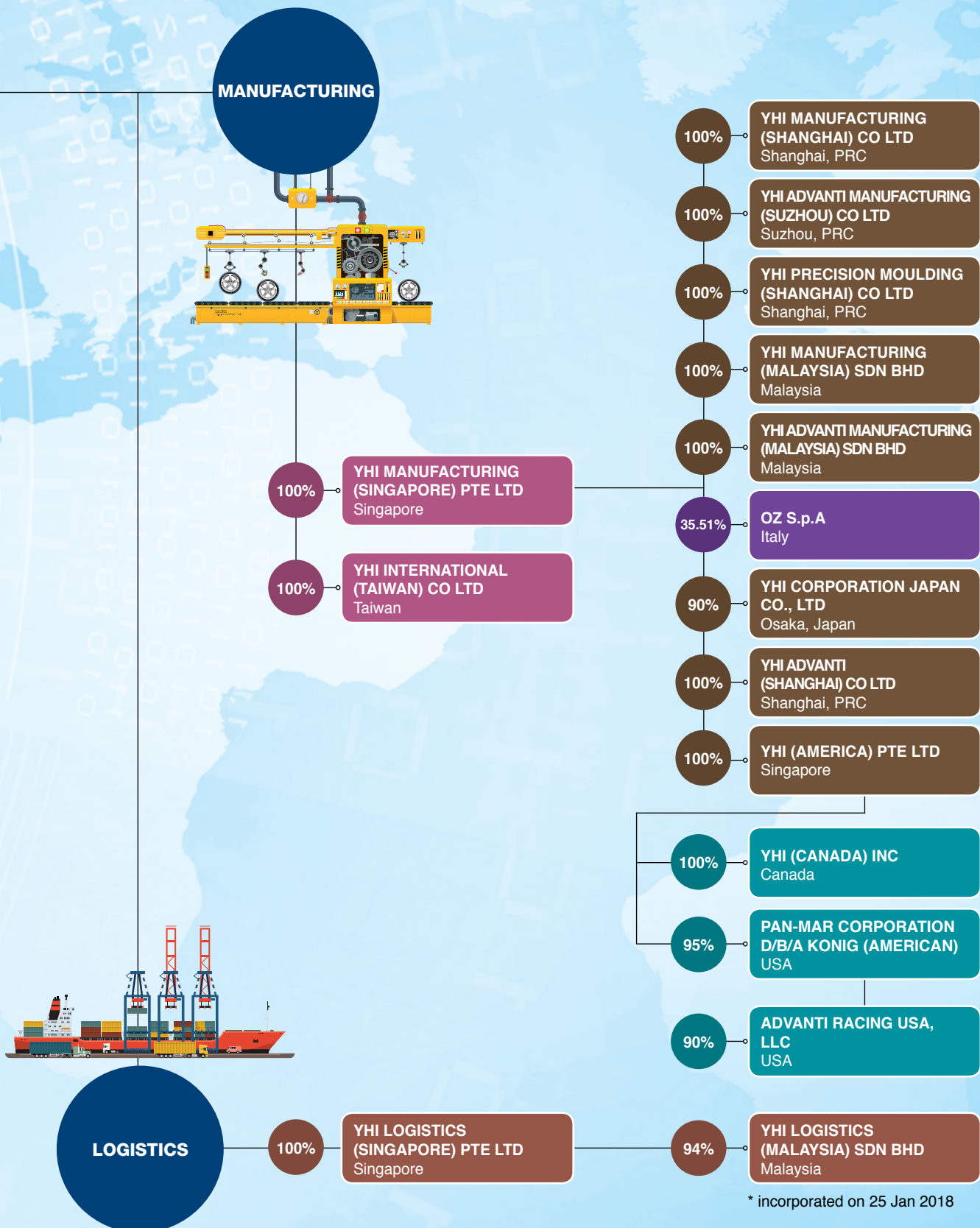


CORPORATE STRUCTURE



YHI
Since 1948





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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 Singapore 609254
 T: (65) 6264 2155
 F: (65) 6265 9927 / 6266 5368
 E: yhigroup@yhi.com.sg
 W: www.yhi.com.sg

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 Taman Perindustrian Kip Kepong,
 52200 Kuala Lumpur
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 F: (60) 3 6273 6333
 E: kmtham@evotrend.com

YHI Power (Malaysia) Sdn Bhd
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YHI Manufacturing (Malaysia) Sdn Bhd
YHI Advanti Manufacturing (Malaysia) Sdn Bhd
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 T: (63) 46 972 4832
 E: yhiph@yhi.com.ph

MYANMAR

YHI Aung (Myanmar) Company Limited
 No (1-22), Khattar Street,
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 E: Enquiry@yhiaungmm.com

BRUNEI

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HONG KONG

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YHI (China) Strategy Co., Ltd
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CHINA

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Perth Branch

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F: (64) 3 943 3961

Dunedin Branch

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New Zealand
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F: (64) 3 456 3732

Hamilton Branch

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F: (64) 7 847 8714

Tauranga Branch

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New Zealand
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F: (64) 7 574 9123

Wellington Branch

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New Zealand
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F: (64) 4 569 6486

Napier Branch

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F: (64) 6 600 0117



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W: www.advantiwheel.com

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E: info@ozracing.com
W: www.ozracing.com



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tay Tian Hoe Richard

Executive Chairman &
Group Managing Director

Tay Tiang Guan

Executive Director

Henry Tan Song Kok

Lead Independent Director

Yuen Sou Wai

Independent Director

Hee Theng Fong

Independent Director

Phua Tin How

Independent Director

AUDIT COMMITTEE

Henry Tan Song Kok

Chairman

Hee Theng Fong

Member

Phua Tin How

Member

Yuen Sou Wai

Member

REMUNERATION COMMITTEE

Hee Theng Fong

Chairman

Phua Tin How

Member

Henry Tan Song Kok

Member

Yuen Sou Wai

Member

NOMINATING COMMITTEE

Phua Tin How

Chairman

Tay Tian Hoe Richard

Member

Henry Tan Song Kok

Member

Yuen Sou Wai

Member

COMPANY SECRETARY

Gn Jong Yuh Gwendolyn
LLB Hons

AUDITOR

PricewaterhouseCoopers
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7 Straits View,
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Partner-in-charge :
Tan Boon Chok
Year of appointment: 2013

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Registration Services
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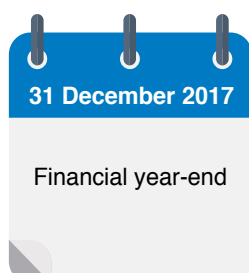
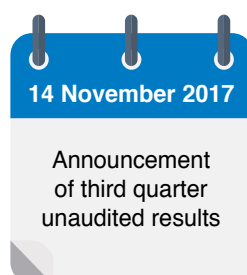
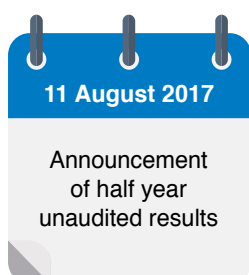
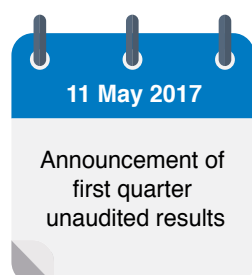
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FINANCIAL CALENDAR



CORPORATE GOVERNANCE

REPORT ON 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 2017 (“FY2017”), with specific reference to the principles and guidelines of the Code of Corporate Governance issued in May 2012 (the “Code”), which forms part of the continuing obligations of the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Listing Rules”).

A. BOARD MATTERS

As at 23 March 2018, the Board comprises the following Directors:

Mr Tay Tian Hoe Richard	(Executive Chairman & Group Managing Director)
Mr Tay Tiang Guan	(Executive Director)
Mr Henry Tan Song Kok	(Lead Independent Director)
Mr Hee Theng Fong	(Independent Director)
Mr Phua Tin How	(Independent Director)
Mr Yuen Sou Wai	(Independent Director)

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

Principle 1: The Board’s Conduct of Affairs

The Board comprises two (2) Executive Directors and four (4) Independent Directors, all having the right competencies and diversity of experience enabling them to effectively contribute to the Group.

The principal functions of the Board include the following:

- Providing entrepreneurial leadership for the Group and setting the Group’s values and standards;
- Enhancing and protecting long-term returns and value for the Group’s shareholders;
- Reviewing and approving key business strategies and financial plans and monitoring the Group’s performance;
- Reviewing the performance of Management;
- Reviewing the Group’s internal controls, risk management systems, financial reporting process and sustainability issues;
- Ensuring the Group’s compliance with relevant legislative, regulatory and continuing listing requirements;
- Ensuring that good corporate governance practices are adopted;
- Approving major investments, divestments and funding plans proposed by the Management; and
- Ensuring accurate, adequate and timely reporting to, and communication with shareholders.

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 interest of the Group.

The Group has adopted a set of internal guidelines on matters that require the Board’s approval. The matters include 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 accordingly revised when necessary.



CORPORATE GOVERNANCE

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 quarterly 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.

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

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.

There has been no appointment of new Directors since the Company was listed on the Mainboard of the SGX-ST in 2003. Nevertheless, the Company will ensure that any incoming Directors are familiar with the Group's business, industry-specific practices and governance practices.

When the new Directors are appointed, the Company will conduct 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 will give the new Directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also will allow the new Directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management. Upon appointment of each new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.

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:

- a. Nominating Committee
- b. Remuneration Committee
- c. Audit Committee

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 Committee meetings are available to all Board members.

The roles of each Board Committee are outlined in respective committee's written Terms of Reference approved by the Board. 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.

Table 1 below discloses the composition of each Board Committee in FY2017. Table 2 discloses the Directors' attendance at Board and Board Committee meetings in FY2017.

CORPORATE GOVERNANCE

Table 1: Composition of Board Committees in FY2017

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 Henry Tan Song Kok (Lead Independent Director)	Member	Member	Chairman
Mr Hee Theng Fong (Independent Director)	–	Chairman	Member
Mr Phua Tin How (Independent Director)	Chairman	Member	Member
Mr Yuen Sou Wai (Independent Director)	Member	Member	Member

Table 2: Attendance of Directors at Board and Board Committee Meetings in FY2017

Board and Board Meeting	Number of Meetings Held	Number of Meetings Attended					
		Tay Tian Hoe Richard	Tay Tiang Guan	Henry Tan Song Kok	Hee Theng Fong	Phua Tin How	Yuen Sou Wai
Board	4	4	4	4	3	4	4
Nominating Committee	1	1	1^	1	1^	1	1
Remuneration Committee	1	1^	1^	1	1	1	1
Audit Committee	4	4^	4^	4	3	4	4

^: By Invitation

Principle 2: Board Composition and Guidance

The Board comprises six (6) Directors, two-thirds of whom are Independent Directors. The Independent Directors are:

- Mr Henry Tan Song Kok (Lead Independent Director)
- Mr Phua Tin How
- Mr Hee Theng Fong
- Mr Yuen Sou Wai

The criterion of “independence” is based on the guidelines provided in the Code. The Board defines an Independent Director as one who has no relationship with the Company, its related corporations, persons with interest in 10% or more of the voting shares of the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement with a view to the best interests of the Company.

Each independent director completes a Director’s Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

CORPORATE GOVERNANCE

The independence of each Director is reviewed by the Nominating Committee annually and as and when required and reported to the Board. The Nominating Committee is responsible for examining the size, composition and diversity of the Board and Board Committees. The criteria of diversity include, 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.

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 to eight members as appropriate and facilitates effective decision making. The Board believes that its current board size and the existing composition of the Board Committees effectively serves the Group. It provides sufficient diversity for effective discharging of Board duties without interfering with efficient decision-making.

The Nominating Committee is also 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 Nominating Committee is also 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. 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 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.

Independence of Directors Who Have Served on the Board Beyond Nine (9) Years

Mr Hee Theng Fong and Mr Henry Tan Song Kok will be retiring by rotation at the forthcoming Annual General Meeting. Mr Hee Theng Fong will not be submitting himself for re-election. If Mr Henry Tan Song Kok is re-appointed at the forthcoming Annual General Meeting, Mr Henry Tan Song Kok, together with Messrs Phua Tin How and Yuen Sou Wai, will enter into their sixteenth year of tenure on the Board from the date of their first appointments. Mr Yuen Sou Wai was appointed as an Independent Director since February 2014. Prior to that, he acted as our Non-Executive Director from September 2009 to February 2014 and our Executive Director from May 2003 to September 2009.

Pursuant to the guidelines of the Code, the Board, with the assistance of the Nominating Committee, has subjected the independence of these Directors to rigorous review annually. The aspects of review include the following:

- a. The Directors' relationship with the Group, shareholders and the Management;
- b. The professionalism and objectivity of the Directors' character and judgement;
- c. The Directors' commitment in upholding the interest of the Group and the shareholders as a whole; and
- d. The ability of the Directors to confront key issues and hold the Executive Directors and Management accountable for their decisions.

In doing so, the Board has also balanced the need for progressive refreshing of the Board with the need for continuity. The Nominating Committee has taken into account the retirement of Mr Hee Theng Fong and has also stringently reviewed the independence of Mr Henry Tan Song Kok, together with Messrs Phua Tin How and Yuen Sou Wai and they are of the view that each of Mr Henry Tan Song Kok, together with Messrs Phua Tin How and Yuen Sou Wai, have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. The Nominating Committee has noted that Mr Henry Tan Song Kok, together with Messrs Phua Tin How and Yuen Sou Wai, have expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management. They have sought clarification as they deemed necessary, including through direct access to the Management. Further, the Nominating Committee has noted that there are no relationships or circumstances which are likely to affect or could appear to affect the judgement of the Independent Directors.

CORPORATE GOVERNANCE

After careful consideration of the factors above and upon recommendation of the Nominating Committee, the Board is satisfied that each of Mr Henry Tan Song Kok, together with Messrs Phua Tin How and Yuen Sou Wai, is independent notwithstanding they have served on the Board for more than nine (9) years from the date of their first appointment. The Board will also continue to consider the need for progressive refreshing of the Board on a gradual basis with a balanced approach.

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.

To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to 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.

The Independent Directors 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.

Principle 3: Role of Chairman and Group Managing Director

Mr Tay Tian Hoe Richard is the Executive Chairman and Group Managing Director. Accordingly, pursuant to the guidelines of the Code, Independent Directors should make up at least half the Board and a Lead Independent Director should be appointed. As disclosed above, the Independent Directors make up more than half of the Board and Mr Henry Tan Song Kok acts as the Company's Lead Independent Director.

As Chairman of the Board, Mr Tay Tian Hoe Richard:

- 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;
- d. Ensures that the Directors receive complete, adequate and timely information;
- 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.

The following checks and balances are adopted by the Board in view of Mr Tay Tian Hoe Richard's concurrent appointment as the Group Managing Director:

- a. Major business and operational decisions made by Mr Tay Tian Hoe Richard are reviewed by the Audit Committee and the Board;
- b. The Board has appointed Mr Henry Tan Song Kok as the Lead Independent Director, pursuant to the recommendations of the Code. 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; and
- c. Independent Directors make up more than half of the Board.

CORPORATE GOVERNANCE

The Independent Directors periodically meet without the presence of Management. The Lead Independent Director will provide feedback to the Executive Chairman after the meeting (if any).

Principle 4: Board Membership

Mr Phua Tin How, an Independent Director, is the Chairman of the Nominating Committee. The Nominating Committee comprises the following Directors:

- Mr Phua Tin How, as Chairman of the Nominating Committee;
- Mr Henry Tan Song Kok, who is also the Lead Independent Director;
- Mr Tay Tian Hoe Richard; and
- Mr Yuen Sou Wai.

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:

- a. The Board's structure, size and composition;
- b. The Board succession plans for Directors, in particular, for the Chairman and the Group Managing Director;
- 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.

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

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. For good corporate governance practice, the Group Managing Director has also submitted himself for re-nomination and re-appointment at the forthcoming Annual General Meeting, and had previously submitted himself for re-nomination and re-appointment at annual general meetings. In this respect, 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.

CORPORATE GOVERNANCE

The Nominating Committee has in place a selection and nomination process for the appointment of new Director. 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.

The Nominating Committee is charged with determining the independence of the Directors. The Board, after taking into consideration the views of the Nominating Committee, is of the view that Mr Henry Tan Song Kok, Mr Hee Theng Fong, Mr Yuen Sou Wai and Mr Phua Tin How are independent and that no individual or small group of individuals dominates the Board's decision-making process.

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

Mr Hee Theng Fong will be retiring by rotation at the forthcoming Annual General Meeting and will not be submitting himself for re-election. The Nominating Committee has recommended to the Board that Messrs Tay Tian Hoe Richard and Henry Tan Song Kok be nominated for re-appointment at the forthcoming Annual General Meeting.

Commitments of Directors Sitting on Multiple Boards

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.

Appointment of Alternative Directors

There is no alternate director on the Board.

Information on Directors

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

Principle 5: Board Performance

A formal review of the effectiveness of the Board and Board Committees and the assessment of 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 in input from other Directors and the Company Secretary.

CORPORATE GOVERNANCE

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.

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.

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.

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 profitable direction 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 Director 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.

The Executive Chairman will consider the Board 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 FY2017. 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 FY2017.

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities, 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.

The Board also has 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.

CORPORATE GOVERNANCE

All Directors are provided with board papers prior to Board and Board Committee meetings. Generally, detailed Board and Board Committees papers prepared for each meeting are circulated five (5) working days in advance of each meeting. This is to give 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 region 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.

Directors' Access to Company Secretary

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 Committees in the development of the agendas for the various Board and Board Committees meetings, and administers and attends all Board and Board Committees 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.

Directors' Access to Independent Professional Advice

Should 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 Directors or the group of Directors to render the advice. The cost of such professional advice will be borne by the Company.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Mr Hee Theng Fong, an Independent Director, is the Chairman of the Remuneration Committee for FY2017. The Remuneration Committee comprises the following Independent Directors:

- Mr Hee Theng Fong, as Chairman of the Remuneration Committee;
- Mr Henry Tan Song Kok, who is also the Lead Independent Director;
- Mr Phua Tin How; and
- Mr Yuen Sou Wai.

CORPORATE GOVERNANCE

Mr Hee Theng Fong will be retiring by rotation at the forthcoming Annual General Meeting and will not be submitting himself for re-election. Following his retirement, the Board will further consider and disclose the composition of the Remuneration Committee.

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:

- 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 Executive 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.

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 FY2017.

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 Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Access to Remuneration Consultant's Advice

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 FY2017.

Principle 8: Level and Mix of Remuneration

Remuneration of Executive Directors and Key Management Personnel

Executive Directors do not receive directors' fees but are remunerated as members of Management. 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. 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.

CORPORATE GOVERNANCE

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options or other forms of deferred remuneration. The YHI Share Option Scheme (the "Scheme"), which was adopted on 22 May 2003, has since expired. The Company had not granted any share options pursuant to the Scheme in previous financial years and decided not to renew the Scheme.

Remuneration of Independent Directors

The Independent Directors receive directors fees, in accordance by their contribution, taking into account various factors such as effort and time spent as well as his responsibilities on the Board. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.

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

Contractual Provisions to Reclaim Incentive Components of Remuneration

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.

Principle 9: Disclosure of Remuneration

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. The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

Remuneration of Directors and Key Executives in FY2017

Table 3: Remuneration and fees, in bands of S\$250,000, paid to Directors in FY2017

	Number of Directors	
	2017	2016
S\$1,000,001 and above	1	–
S\$750,001 to S\$1,000,000	–	1
S\$500,001 to S\$750,000	–	–
S\$250,000 to S\$500,000	–	–
Below S\$250,000	5	5
Total	6	6



CORPORATE GOVERNANCE

Table 4: Breakdown of the Directors' remuneration and fees, in percentage terms, for FY2017

	Salary	Bonus	Directors Fees	Other Benefits	Total
	%	%	%	%	%
Tay Tian Hoe Richard	36	63	–	1	100
Tay Tiang Guan	79	–	–	21	100
Yuen Sou Wai	–	–	100	–	100
Henry Tan Song Kok	–	–	100	–	100
Hee Theng Fong	–	–	100	–	100
Phua Tin How	–	–	100	–	100

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. In particular, the Company had previously announced its “3R” strategy and restructuring of its PRC 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.

Remuneration of Employees Who are Immediate Family of Directors

Details of employees whose remuneration exceed S\$50,000 and are immediate family members of Executive Directors are set out below:

Name of Employee	Remuneration Band
Tay Soek Eng Margaret ⁽¹⁾	S\$150,000 to S\$200,000
Tay Guoren Ryan ⁽²⁾	S\$100,000 to S\$150,000

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.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is mindful of its obligations to provide timely, balanced and fair disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

CORPORATE GOVERNANCE

Management presents to the Audit Committee the quarterly and full-year results and the Audit Committee reports the results to the Board for review and approval before the timely release of the results to the SGX-ST. Financial results and Annual Reports are announced or issued within the mandatory period. The announcements and reports will comment on the Group's business performance, competitive position as well as significant trends and prospects of the industry. When required, the Board will also provide reports to regulators.

Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Reports are accessible on the Company's website.

Compliance with Legislative and Regulatory Requirements

Under the Board's direction and monitoring, Management ensures that relevant legislative and regulatory compliance requirements are complied with and Management regularly reports the compliance status to the Board. Management, Company Secretary and external auditors will also highlight to the Board on all new compliance requirements. Where necessary, the Board is provided advice on the compliance requirements that are included in the Group Management Policy. These requirements are communicated to relevant personnel for adherence and implementation.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Management Accounts

Management provides the Board with financial results on a quarterly basis for deliberation and approval. Where required, detailed monthly management accounts will be provided to the Board. The information provided allows the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

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.

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.

Risk Management Framework

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 28 of the financial statements set out on pages 116 to 126.

CORPORATE GOVERNANCE

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.

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.

Board’s Regular Review of the Adequacy and Effectiveness of Internal Control and Risk Management Systems

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

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

Board’s Comment on Adequacy and Effectiveness of Internal Control and Risk Management Systems as at 31 December 2017

The Board has received assurance from the Group Managing Director and Chief Financial Officer:

- (a) 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; and
- (b) that the Group’s internal control and risk management systems are effective and adequate.

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 risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2017.

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 12: Audit Committee

Mr Henry Tan Song Kok, the Lead Independent Director, is the Chairman of the Audit Committee. The Audit Committee comprises the following Independent Directors:

- Mr Henry Tan Song Kok, as Chairman of the Audit Committee;
- Mr Hee Theng Fong;
- Mr Phua Tin How; and
- Mr Yuen Sou Wai.

CORPORATE GOVERNANCE

None of the members of Audit Committee are former partners or Directors of the Group's external auditors.

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 reviewing the following:

- a. Financial statements as well as any announcements of the Company and the Group before submission to the Board for approval and release.
- b. The adequacy and effectiveness of the Group's internal control and risk management systems.
- c. Annual internal audit plan and internal audit reports tabled by the internal auditors.
- d. Nomination of the Company's external auditors for appointment.
- e. Audit plan of the external auditors.
- f. The external auditors' reports.
- g. Co-operation given by executives to the external auditors.
- h. Independence of the external auditors.
- i. Group's compliance with relevant key legislative and regulatory requirements and the continuing listing requirements.
- j. Group Whistle-Blowing Policy and ensure that concerns or complaints received are properly attended to.
- k. Interested person transactions reported (if any).
- l. Group's capital expenditure transactions and investments ; and
- m. Group's foreign currency hedging activities.

The Audit Committee has explicit authority to investigate any matter within its written Terms of Reference. It 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.

At least three (3) members of the Audit Committee including the Audit Committee Chairman have the recent and relevant 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.

The internal and the external auditors are invited to attend the Audit Committee meetings to table their plans and reports respectively. During the financial year, the Audit Committee had also met with the external auditors, without any executives of the Group being present.

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 2017 are provided as follows:

CORPORATE GOVERNANCE

• Valuation of past due trade receivable

Audit committee 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 allowance for doubtful trade receivables as identified by Management. Audit Committee considered how Management has assessed the collectability and their consideration based on 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 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 for FY2017.

The concerns can be made anonymously and will be kept in strict confidence. The Audit Committee monitors to ensure that concerns are independently and appropriately attended to, assessed and resolved in accordance with the Policy. 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.

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 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:

	2017	2016
	S\$	S\$
Fees on audit services paid/payable to:		
Auditors of the Company - PwC Singapore	205,000	175,000
Other PwC network firms	120,000	160,000
Other auditors	272,000	304,000
Fees on non-audit services paid/payable to:		
Auditors of the Company - PwC Singapore	21,000	50,000
Other auditors	60,000	63,000
Total	678,000	752,000

CORPORATE GOVERNANCE

Principle 13: Internal Audit

The Group has its own inhouse 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 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. 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 ("IIA 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.

D. COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

Sufficient Information to Shareholders

The Board believes that a high level of disclosure on a timely basis is essential for the 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.

In line with the provisions of the Listing Rules and the Companies Act (Cap. 50 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 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.

Where required, the Executive Directors and the Group Chief Financial Officer will meet up with analysts and investors after the quarterly 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.

CORPORATE GOVERNANCE

Shareholders' Opportunity to Participate and Vote at General Meeting

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 Board welcomes questions from shareholders who wish to raise issues either informally or formally before or at the general meetings. The Executive Chairman, the Chairpersons of the Audit Committee, Nominating Committee and Remuneration Committee and the external auditors are available at the meetings to address shareholders' queries.

Proxies for Corporations Providing Nominee or Custodial Services

Shareholders may vote in person or by proxy. In addition, a shareholder who is a relevant intermediary may appoint more than two (2) proxies so as to allow shareholders who hold shares through such relevant intermediaries can attend and participate in general meetings as proxies.

Dividend Policy

The Company does not have a formal dividend policy, nevertheless, it has a track record of paying annual dividends to shareholders. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management.

Conduct of General Meetings

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Constitution of the Company allows absentia voting at general meetings. The Company conducted poll voting in accordance with the Listing Manual for all resolutions tabled at the general meetings. 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.

Minutes of the general meetings are prepared and will be made available to shareholders upon request.

E. DEALING 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 two (2) weeks before the announcement of the Company's quarterly results and one (1) month before the announcement of the Company's full-year results until one 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.

CORPORATE GOVERNANCE

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.

F. 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 FY2017.

G. 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 2017 to 31 December 2017.

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



FINANCIAL CONTENTS

59 DIRECTORS' STATEMENT

62 INDEPENDENT AUDITOR'S REPORT

66 CONSOLIDATED INCOME STATEMENT

67 CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

68 BALANCE SHEET - GROUP AND COMPANY

69 CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

70 CONSOLIDATED STATEMENT OF CASH FLOWS

72 NOTES TO THE FINANCIAL STATEMENTS



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

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 66 to 135 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 2017 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 Henry Tan Song Kok
Mr Yuen Sou Wai
Mr Hee Theng Fong
Mr Phua Tin How

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' 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 21.1.2018	At 31.12.2017	At 1.1.2017	At 21.1.2018	At 31.12.2017	At 1.1.2017
Company						
<u>(No. of ordinary shares)</u>						
Mr Tay Tian Hoe Richard ^{(1), (2)}	–	–	–	139,958,860	139,958,860	139,958,860
Mr Tay Tiang Guan ⁽³⁾	–	–	–	45,000,353	44,926,353	44,576,453
Mr Henry Tan Song Kok	20,000	20,000	20,000	–	–	–
Mr Yuen Sou Wai	120,000	120,000	120,000	–	–	–
Mr Hee Theng Fong	60,000	60,000	60,000	–	–	–
Mr Phua Tin How	55,000	55,000	55,000	–	–	–



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in name of Director			Holdings in which Director is deemed to have an interest		
	At 21.1.2018	At 31.12.2017	At 1.1.2017	At 21.1.2018	At 31.12.2017	At 1.1.2017
Immediate and ultimate holding company						
– YHI Holdings Pte Ltd ⁽¹⁾						
<u>(No. of ordinary shares)</u>						
Mr Tay Tian Hoe Richard ^{(1), (2)}	641,392	641,392	641,392	–	–	–

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 641,392 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 11,937,000 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.
- (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 31.12.2017	At 1.1.2017
YHI (Australia) Pty Limited		
– No. of ordinary shares	80,000	80,000
YHI (New Zealand) Limited		
– No. of ordinary shares	70,000	70,000
YHI Corporation Japan Co., Ltd		
– No. of ordinary shares	360	360
YHI Power Pty Limited		
– No. of ordinary shares	8,500	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
PT YHI Indonesia		
– No. of ordinary shares	288,000	288,000
YHI (Philippines) Inc		
– No. of ordinary shares	10,000	8,995
YHI (Vietnam) Co., Ltd		
– Share capital	VND 5,311,650,000	VND 5,311,650,000

**DIRECTORS'
STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	At 31.12.2017	At 1.1.2017
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

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2018 are shown in Note (a).

AUDIT COMMITTEE

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

Mr Henry Tan Song Kok (Chairman)
Mr Yuen Sou Wai
Mr Hee Theng Fong
Mr Phua Tin How

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. 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 2017 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

23 March 2018

TAY TIANG GUAN
Director



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, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2017 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 for the year ended 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated balance sheet of the Group as at 31 December 2017;
- the balance sheet of the Company as at 31 December 2017;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the 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 2017. 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

Allowance for doubtful debts

As at 31 December 2017, the Group has trade receivables amounting to \$84,982,000 net of allowance of \$2,562,000.

Management judgement is required in assessing and determining the recoverability of trade receivables and adequacy of allowance made.

They include estimating and evaluating expected future receipts from customers based on past payment trend, age of the debtors, knowledge of the customers' businesses and financial condition.

The key judgements and estimations on allowance for doubtful debts and the Group's credit risk management are disclosed in Note 3(a) and 28(b) to the financial statements.

We evaluated management's assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on trade receivables ageing analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and the debts which are past due but not impaired.

We found the judgements and estimations used by management in determining the allowance for impairment of trade receivables to be supportable based on available evidence.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report, which we obtained prior to the date of this auditor's report, and excludes 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 on the other information that we obtained prior to the date of this auditor's report, 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.



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

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 FRSs, 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.

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.

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 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.

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 Tan Boon Chok.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 March 2018

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		\$'000	\$'000
Sales	4	442,878	465,569
Cost of sales	5	(339,110)	(365,210)
Gross profit		103,768	100,359
Other gains	4	4,431	3,441
Expenses			
– Distribution	5	(42,354)	(44,511)
– Administrative	5	(49,296)	(48,137)
– Finance	6	(3,481)	(4,297)
Share of profit of an associated company		2,124	1,500
Profit before income tax		15,192	8,355
Income tax expense	8	(5,674)	(3,897)
Net profit		9,518	4,458
Profit attributable to:			
Equity holders of the Company		8,751	3,694
Non-controlling interests		767	764
		9,518	4,458
Earnings per share attributable to the equity holders of the Company	9		
– Basic		2.99 cents	1.26 cents
– Diluted		2.99 cents	1.26 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$'000	\$'000
Profit for the year	9,518	4,458
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
– Currency translation differences	(1,426)	(3,262)
Total comprehensive income for the year	8,092	1,196
Total comprehensive income to:		
Equity holders of the Company	7,459	254
Non-controlling interests	633	942
	8,092	1,196

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

BALANCE SHEET – GROUP AND COMPANY

AS AT 31 DECEMBER 2017

	Note	The Group		The Company	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	54,360	51,470	3,178	4,285
Trade and other receivables	11	100,149	108,002	35,943	32,637
Inventories	12	111,721	112,937	–	–
Derivative financial instruments	13	115	136	–	–
		266,345	272,545	39,121	36,922
Non-current assets held for sale	19	712	–	–	–
		267,057	272,545	39,121	36,922
Non-current assets					
Transferable club memberships, at cost		38	227	–	–
Investment in an associated company	14	17,896	16,263	–	–
Investments in subsidiaries	15	–	–	100,325	100,122
Property, plant and equipment	16	82,302	105,878	88	158
Investment property	17	11,011	–	–	–
Intangible assets	18	4,914	4,201	–	–
Deferred income tax assets	8(c)	4,243	3,295	–	–
Other long-term receivables		13	–	–	–
		120,417	129,864	100,413	100,280
Total assets		387,474	402,409	139,534	137,202
LIABILITIES					
Current liabilities					
Trade and other payables	20	36,506	44,678	1,224	873
Current income tax liabilities	8(b)	2,052	576	–	–
Borrowings	21	70,488	76,858	–	600
		109,046	122,112	1,224	1,473
Non-current liabilities					
Borrowings	21	14,888	21,517	–	–
Deferred income tax liabilities	8(c)	2,500	2,390	–	–
Other non-current liabilities		233	321	–	–
		17,621	24,228	–	–
Total liabilities		126,667	146,340	1,224	1,473
NET ASSETS		260,807	256,069	138,310	135,729
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	77,001	77,001	77,001	77,001
Other reserves	24	(20,897)	(19,911)	–	–
Retained profits	25	191,996	185,422	61,309	58,728
		248,100	242,512	138,310	135,729
Non-controlling interests		12,707	13,557	–	–
Total equity		260,807	256,069	138,310	135,729

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Attributable to equity holders of the Company						
Note	Share capital	Other reserves	Retained profits	Sub-total	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017						
Beginning of financial year	77,001	(19,911)	185,422	242,512	13,557	256,069
Profit for the year	–	–	8,751	8,751	767	9,518
Other comprehensive loss for the year	–	(1,292)	–	(1,292)	(134)	(1,426)
Total comprehensive (loss)/income for the year	–	(1,292)	8,751	7,459	633	8,092
Acquisition of additional interest in subsidiaries	–	–	–	–	(286)	(286)
Dividends relating to 2016 paid	26	–	(1,871)	(1,871)	(1,197)	(3,068)
Transfer from retained profits to other reserves	24(b)(i)	–	306	(306)	–	–
End of financial year	77,001	(20,897)	191,996	248,100	12,707	260,807
2016						
Beginning of financial year	77,001	(16,629)	186,036	246,408	13,421	259,829
Profit for the year	–	–	3,694	3,694	764	4,458
Other comprehensive (loss)/income for the year	–	(3,440)	–	(3,440)	178	(3,262)
Total comprehensive (loss)/income for the year	–	(3,440)	3,694	254	942	1,196
Dividends relating to 2015 paid	26	–	(4,150)	(4,150)	(806)	(4,956)
Transfer from retained profits to other reserves	24(b)(i)	–	158	(158)	–	–
End of financial year	77,001	(19,911)	185,422	242,512	13,557	256,069

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Net profit		9,518	4,458
Adjustments for:			
– Income tax expense		5,674	3,897
– Depreciation of property, plant and equipment		11,774	13,332
– Amortisation of intangible assets		361	62
– Loss/(gain) on disposal of property, plant and equipment		599	(289)
– Interest expense		3,481	4,297
– Interest income		(520)	(288)
– Share of profit of an associated company		(2,124)	(1,500)
– Fair value loss/(gain) on derivative financial instruments		21	(425)
– Gain on disposal of club membership		(35)	–
– Plant and equipment written off		1,590	–
– Unrealised currency translation differences		(702)	779
Operating cash flow before working capital changes		29,637	24,323
Changes in working capital			
– Inventories		(771)	13,700
– Trade and other receivables		5,904	685
– Trade and other payables		(7,543)	9,008
Cash generated from operations		27,227	47,716
Interest received		520	288
Income tax paid		(5,071)	(3,706)
Net cash provided by operating activities		22,676	44,298

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from investing activities			
Dividends received from an associated company		952	270
Proceeds from sale of property, plant and equipment		2,165	1,285
Purchase of property, plant and equipment		(4,897)	(7,121)
Proceed from disposal of transferable club membership		224	–
Purchase of intangible assets		(1,082)	(882)
Net cash used in investing activities		(2,638)	(6,448)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(1,871)	(4,150)
Dividends paid to non-controlling interest		(1,197)	(806)
Interest paid		(3,481)	(4,297)
Proceeds from borrowings		18,366	23,822
Repayments of borrowings		(27,606)	(52,200)
Repayments of finance lease liabilities		(65)	(694)
Acquisition of additional interest in subsidiary		(202)	–
Net cash used in financing activities		(16,056)	(38,325)
Net increase/(decrease) in cash and cash equivalents		3,982	(475)
Cash and cash equivalents at beginning of the financial year		50,386	51,734
Effects of currency translation on cash and cash equivalents		(373)	(873)
Cash and cash equivalents at end of the financial year	10	53,995	50,386

Reconciliation of liabilities arising from financing activities

	1 January 2017 \$'000	Proceeds, principal and interest payments \$'000	Profit or loss \$'000 Interest expense	Non-cash charge \$'000 Foreign exchange movement	31 December 2017 \$'000
Bank borrowings	98,299	(13,531)	3,475	(2,955)	85,288
Finance lease liabilities	76	7	6	(1)	88

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) 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 FRS and INT FRS.

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

FRS 7 Statement of cash flows

The amendments to FRS 7 statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group’s activities are met as follows:

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

Revenue from these sales is recognised when the Group has delivered the products to locations specified by its customers and the customers have accepted the products in accordance with the sales contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(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.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are 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 de-consolidated from the date on 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 but are considered an impairment indicator of the asset transferred. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(a) **Subsidiaries** (Continued)

(ii) **Acquisitions** (Continued)

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 on acquisitions" 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 profits if required by a specific Standard.

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 and associated company" 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 company**

An associated company is an entity 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%.

Investment in an associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) **Acquisitions**

Investment in an associated company is 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 company 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 investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(c) **Associated company** (Continued)

(ii) ***Equity method of accounting***

In applying the equity method of accounting, the Group's share of its associated company's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated company are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company 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 company. If the associated company 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.

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

(iii) ***Disposals***

Investment in an associated company is 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.

2.4 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 2.6 on borrowing costs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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	3 to 7 years
Renovation	5 to 10 years
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".

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 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 acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated company represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

(a) **Goodwill on acquisitions** (Continued)

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, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(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.

(c) **Acquired computer software**

Acquired computer software is initially capitalised at cost which includes the purchase prices (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 three to five years.

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

2.6 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.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property

Investment property comprise land and building that are held for long-term rental yields and/or capital appreciation.

Investment property is 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 is 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 property is 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.

Transfer to investment property from property, plant and equipment is made at the end of owner-occupation.

2.8 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company 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.

2.9 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 ("CGU") 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

(b) Intangible assets

Property, plant and equipment

Investments in subsidiaries and associated company

Intangible assets, property, plant and equipment 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.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) **Classification** (Continued)

(ii) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables” (Note 11) and “cash and cash equivalents” (Note 10) on the balance sheet.

(b) **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) **Initial measurement**

Financial assets are initially recognised at fair value plus transaction costs except for derivatives, which are recognised at fair value (see Note 2.14). Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) **Subsequent measurement**

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when changes arise.

(e) **Impairment**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(e) Impairment (Continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.11 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.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.12 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.

2.13 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair value of currency swaps are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

(a) When the Group is the lessee:

The Group leases certain property, plant and equipment from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases buggies under property, plant and equipment and land and building under investment property as operating leases to a non-related party.

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 2017

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.

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 innovative 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 2017

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 follow that of post-employment defined benefits except that remeasurement are not recognised in other comprehensive income.

(d) **Termination benefits**

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the entity recognises costs for a restructuring that is within the scope of FRS 37 (Note 2.19) and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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 2017

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.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other 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 of the entity giving rise to such reserve.

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 cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share capital

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

2.25 Dividends to Company's shareholders

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

2.26 Non-current assets held for sale

Non-current assets are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss or initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

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 loans and receivables**

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management assesses and applies judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management applies judgements as to whether an impairment loss should be recorded as an expense. The amount of trade receivables from non-related parties past due but not impaired is \$14,053,000 (2016: \$13,296,000) [Note 28(b)(ii)].

(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 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 18). Reasonably possible changes in the estimates and assumptions will not result in any significant adjustment to goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. REVENUE AND OTHER GAINS

	Group	
	2017	2016
	\$'000	\$'000
Sale of goods		
– Automotive and industrial products	322,415	323,831
– Alloy wheels	120,463	141,738
Total sales	442,878	465,569
Other gains:		
– Rental income	2,164	885
– (Loss)/gain on disposal of property, plant and equipment	(599)	289
– Interest income from banks	520	288
– Fair value (loss)/gain on derivative financial instruments (Note 13)	(21)	425
– Other	2,367	1,554
Total other gains	4,431	3,441
	447,309	469,010

5. EXPENSES BY NATURE

	Group	
	2017	2016
	\$'000	\$'000
Amortisation of intangible assets [Note 18(b)]	361	62
Depreciation of property, plant and equipment (Note 16)	11,774	13,332
Changes in inventories of raw materials, work-in-progress and finished goods	(1,216)	(13,363)
Purchases of raw materials, finished goods and consumables	317,989	347,000
Write-down of inventories	2,394	1,996
Carriage outwards	8,739	8,567
Transportation and travelling	4,384	4,686
Advertising and promotion	3,522	4,234
Commission charges	3,694	4,355
Employee compensation (Note 7)	53,926	61,134
Directors' fees	271	292
Staff termination arising from restructuring	592	3,142
Repair and maintenance	1,641	1,332
Rental on operating leases for premises	6,443	7,022
Research expense	2,203	2,547
Currency translation loss/(gain) - net	1,765	(173)
Plant and equipment written off	1,590	–
Others	10,688	11,693
Total cost of sales, distribution and administrative expenses	430,760	457,858

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. FINANCE EXPENSES

	Group	
	2017	2016
	\$'000	\$'000
Interest expense:		
– Bank loans	2,724	3,436
– Bank overdrafts	101	130
– Trust receipts	650	690
– Finance leases	6	41
	3,481	4,297

7. EMPLOYEE COMPENSATION

	Group	
	2017	2016
	\$'000	\$'000
Wages and salaries	48,675	54,429
Termination benefits	–	18
Other long-term benefits	77	(23)
Employer's contribution to defined contribution plans including Central Provident Fund	5,174	6,710
	53,926	61,134

8. INCOME TAX

(a) Income tax expense

	Group	
	2017	2016
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	384	86
– Foreign	5,868	3,496
	6,252	3,582
Deferred income tax [Note 8(c)]	(817)	529
	5,435	4,111
Under/(over) provision in previous financial years		
– Current income tax [Note 8(b)]	351	46
– Deferred income tax [Note 8(c)]	(112)	(260)
	5,674	3,897

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	
	2017	2016
	\$'000	\$'000
Profit before income tax	15,192	8,355
Share of profit of an associated company, net of tax	(2,124)	(1,500)
Profit before tax and share of profit of an associated company	13,068	6,855
Tax calculated at a tax rate of 17% (2016: 17%)	2,222	1,165
Effects of:		
– Singapore statutory stepped income exemption	(41)	(26)
– Effects of different tax rates in other countries	1,345	376
– Withholding tax	67	100
– Expenses not deductible for tax purposes	898	848
– Utilisation of previously unrecognised tax losses	(106)	(586)
– Income not subject to tax	(327)	(358)
– Tax losses for which no deferred income tax asset was recognised	1,738	3,481
– Effects of changes in tax rate	–	22
– Tax incentive	(498)	(1,041)
– Deferred tax liability on an associated company's unremitted profits	57	158
– Others	80	(28)
– Under provision of current income tax in prior years	351	46
– Over provision of deferred income tax in prior years	(112)	(260)
Tax charge	5,674	3,897



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. INCOME TAX (CONTINUED)

(b) Movements in current income tax liabilities

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	576	639	–	86
Currency translation differences	(56)	15	–	–
Income tax paid	(5,071)	(3,706)	(38)	(125)
Tax expense on profit from the current financial year	6,252	3,582	38	33
Under provision in previous financial years [Note 8(a)]	351	46	–	6
End of financial year	2,052	576	–	–

(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	
	2017	2016
	\$'000	\$'000
Deferred income tax assets	(4,243)	(3,295)
Deferred income tax liabilities	2,500	2,390

Movement in deferred income tax account is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Beginning of financial year	(905)	(1,237)
Currency translation differences	91	63
Charged to income statement [Note 8(a)]	(929)	269
End of financial year	(1,743)	(905)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. INCOME TAX (CONTINUED)

(c) Deferred income taxes (Continued)

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	
	2017	2016
	\$'000	\$'000
Beginning of financial year	2,390	2,159
Currency translation differences	2	(3)
Charged to income statement	108	234
End of financial year	2,500	2,390

Deferred income tax assets

	Provisions	Excess of tax written-down value over net book value	Taxes deferred for non-current assets held for sale	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Beginning of financial year	(2,462)	(593)	–	(240)	(3,295)
Currency translation differences	36	38	14	1	89
(Credited)/charged to income statement	(201)	54	(974)	84	(1,037)
End of financial year	(2,627)	(501)	(960)	(155)	(4,243)
2016					
Beginning of financial year	(2,195)	(953)	–	(248)	(3,396)
Currency translation differences	(7)	74	–	(1)	66
(Credited)/charged to income statement	(260)	286	–	9	35
End of financial year	(2,462)	(593)	–	(240)	(3,295)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. INCOME TAX (CONTINUED)

(c) Deferred income taxes (Continued)

The Group has unrecognised tax losses of \$42,904,000 (2016: \$39,665,000) and unrecognised tax credit of \$Nil (2016: \$33,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirement by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date except for amounts of \$38,567,000 (2016: \$35,057,000) which will expire between 2018 to 2022 (2016: 2017 to 2021).

The cumulative retained earnings of \$28,537,000 (2016: \$25,126,000) for which deferred tax liabilities arising on temporary differences associated with overseas investments in subsidiaries have not been recognised as there are 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)/credit 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	
	2017	2016
Net profit attributable to equity holders of the Company (\$'000)	8,751	3,694
Weighted average number of ordinary shares in issue after share consolidation exercise (Note 23) for basic earnings per share ('000)	292,296	292,296
Basic earnings per share	2.99 cents	1.26 cents

Diluted earnings per share is the same as basic earnings per share. There are no dilutive potential ordinary shares as there are no outstanding share options at the beginning and end of the financial year.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	42,499	39,138	3,178	4,285
Short-term bank deposits	11,861	12,332	–	–
	54,360	51,470	3,178	4,285

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

	Group	
	2017	2016
	\$'000	\$'000
Cash and bank balances (as above)	54,360	51,470
Less: Bank overdrafts (Note 21)	(365)	(1,084)
Cash and cash equivalents per consolidated statement of cash flows	53,995	50,386

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
– Non-related parties	87,480	94,494	–	–
– An associated company	64	76	–	–
	87,544	94,570	–	–
Less: Allowance for impairment of receivables – non-related parties	(2,562)	(2,345)	–	–
Trade receivables – net	84,982	92,225	–	–
Due from subsidiaries (non-trade) [Note (a)]	–	–	35,933	32,628
Deposits	2,179	2,147	–	–
Prepayments	8,970	11,267	10	9
Other receivables	4,018	2,363	–	–
	100,149	108,002	35,943	32,637

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

12. INVENTORIES

	Group	
	2017	2016
	\$'000	\$'000
Materials and supplies	7,889	7,901
Work-in-progress	5,615	3,174
Finished goods	98,217	101,862
	111,721	112,937

The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$316,773,000 (2016: \$333,637,000).

The Group has written down inventories amounting to \$2,394,000 (2016: \$1,996,000) and the amount has been included in “cost of sales”.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount	Group Fair value	
		Asset	Liability
	\$'000	\$'000	\$'000
2017			
Non-hedging instruments			
– Currency forwards	5,784	115	–
Less: Current portion		(115)	–
Non-current portion		–	–
2016			
Non-hedging instruments			
– Currency forwards	9,792	136	–
Less: Current portion		(136)	–
Non-current portion		–	–

The currency forward is a derivative financial instrument which is marked-to-market at each balance sheet date. As at 31 December 2017, a fair value loss of \$21,000 (2016: gain of \$425,000) (Note 4), has been recognised in profit or loss.

14. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2017	2016
	\$'000	\$'000
Carrying value of Group's investment in an associated company	17,896	16,263

Set out below is the associated company of the Group as at 31 December 2017, which, in the opinion of the directors, is material to the Group. The associated company as listed below have share capital consisting solely of ordinary shares, which is held directly by the Group; the country of incorporation is also their principal place of business.

Name	Principal activities	Country of business/ incorporation	Effective equity holding	
			2017 %	2016 %
<i>Held by a subsidiary:</i>				
O.Z. S.p.A *	Investment holding, manufacturer, importer, exporter and distributor of alloy wheels	Italy	35.51	35.51

* Audited by Deloitte and Touche, Italy.

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 2017

14. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Set out below are the summarised financial information for O.Z. S.p.A.

Summarised balance sheet

	2017	2016
	\$'000	\$'000
Current assets	50,308	45,957
Current liabilities	(22,531)	(21,451)
Non-current assets	28,396	27,010
Non-current liabilities	(5,776)	(5,718)
Net assets	50,397	45,798

Summarised statement of comprehensive income

	2017	2016
	\$'000	\$'000
Revenue	85,148	79,002
Expenses		
Includes:		
– Depreciation and amortisation	(3,562)	(3,335)
– Interest expense	(86)	(98)
Profit before income tax	7,975	6,418
Income tax expense	(1,994)	(2,194)
Profit for the year and total comprehensive income	5,981	4,224
Dividends received from an associated company	952	270

The information above reflects the amounts presented in the financial statements of the associated company (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 2017

14. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associated company.

	2017	2016
	\$'000	\$'000
Net assets		
Beginning of financial year	45,798	43,484
Profit for the year	5,981	4,224
Dividends paid during the year	(2,680)	(760)
Foreign exchange differences	1,298	(1,150)
End of financial year	50,397	45,798
Interest in an associated company	17,896	16,263
Carrying value of Group's interest in an associated company	17,896	16,263

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	\$'000	\$'000
<i>Equity investment at cost</i>		
Beginning and end of financial year	100,325	100,122

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2017 and 2016:

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	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Held by the Company:								
(a) YHI Manufacturing (Singapore) Pte Ltd	Investment holding, importer, exporter and distributor 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 and industrial batteries	Malaysia	100	100	100	100	-	-
(c) YHI (China) Strategy Company Limited	Investment holding, trading of golf car accessories and related goods	Hong Kong	100	100	100	100	-	-
(c) YHI (Hong Kong) Co., Limited	Importer, exporter and distributor of tyres, alloy wheels and related goods	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	70	70	70	70	30	30
(e) YHI Power Pty Limited #	Importer and distributor of industrial batteries	Australia	85	80	85	80	15	20
(f) YHI Logistics (Singapore) Pte Ltd (Incorporated on 22 December 2017)	Investment holding and value-added logistics provider	Singapore	100	-	100	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Held by the subsidiaries								
(g)	YHI Manufacturing (Shanghai) Co., Ltd	People's Republic of China	-	-	100	100	-	-
(g)	YHI Precision Moulding (Shanghai) Co., Ltd*	People's Republic of China	-	-	100	100	-	-
(g), (h)	YHI Advanti Manufacturing (Suzhou) Co., Ltd	People's Republic of China	-	-	100	100	-	-
(b)	YHI Manufacturing (Malaysia) Sdn Bhd	Malaysia	-	-	100	100	-	-
(a)	YHI (America) Pte Ltd	Singapore	-	-	100	100	-	-
(m)	Pan-Mar Corporation D/B/A Konig (American)	United States of America	-	-	95	95	5	5
(i)	YHI Corporation Japan Co., Ltd	Japan	-	-	90	90	10	10
(j)	YHI Corporation (Thailand) Co., Ltd	Thailand	-	-	49	49	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

115. 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	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Held by the subsidiaries (continued)								
(b) Evo-Trend Corporation (Malaysia) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Malaysia	-	-	70	70	30	30
(k) YHI Corporation (Guangzhou) Co., Ltd	Distribution of tyres, alloy wheels and related goods	People's Republic of China	-	-	100	100	-	-
(l) YHI (Canada) Inc.*	Importer, exporter and distributor of tyres, alloy wheels and related goods	Canada	-	-	100	100	-	-
(m) Advanti Racing USA, LLC	Importer, exporter and distributor of tyres, alloy wheels and related goods	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	-	-
(g) YHI Corporation (Shanghai) Co., Ltd	Distribution of tyres, alloy wheels and related goods	People's Republic of China	-	-	90	90	10	10



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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	
						2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Held by the subsidiaries (continued)											
(b)	YHI (East Malaysia) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Malaysia	-	-	-	-	80	80	20	20
(b)	YHI Power (Malaysia) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Malaysia	-	-	-	-	100	100	100	100
(g)	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	-	-
(i)	YHI Corporation (Beijing) Co., Ltd	Distribution of alloy wheels and related goods	People's Republic of China	-	-	-	-	100	100	-	-
(p)	YHI (Vietnam) Co., Ltd	Distribution of tyres, alloy wheels and related goods	Vietnam	-	-	-	-	85	85	15	15
(q)	YHI (Philippines) Inc. #	Distribution of tyres, alloy wheels and related goods	Philippines	-	-	-	-	100	90	-	10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 Lamb Lowe & Partners, Australia
- (f) Audited by PricewaterhouseCoopers, New Zealand
- (g) Audited by Shanghai Weizhong Yongguang Certified Public Accountants Co., Ltd for local statutory purposes
- (h) Audited by PricewaterhouseCoopers network firms outside Singapore for the purposes of preparation of consolidated financial statements
- (i) Not required to be audited under the laws of the country of incorporation
- (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 Haizheng 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 Henderson Tse Chartered Accountants, Canada
- (m) Audited by Moss-Levy Hartzheim, LLP CAP's, United States of America
- (n) Audited by KAP Suganda Akna Suhri & Rekan
- (o) Audited by Lee & Raman (CPA), Brunei Darussalam
- (p) Audited by Tin Viet Auditing and Consulting Company Limited
- (q) Audited by Morfe, Ceneta & Co., Certified Public Accountants, Philippines
- (r) Inactive in financial year ended 31 December 2017
- * Dormant
- # During the financial year, the Group acquired additional interests in these entities. The acquisition is accounted for as a transaction with non-controlling interests of the Group.

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 2017

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Carrying value of non-controlling interests

	2017	2016
	\$'000	\$'000
YHI (Australia) Pty Limited	5,577	6,048
YHI (New Zealand) Limited	4,234	4,112
Evo-Trend Corporation (Malaysia) Sdn Bhd	2,099	2,214
Other subsidiaries with immaterial non-controlling interests	797	1,183
	12,707	13,557

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.

There were no transactions with non-controlling interests for the financial years ended 31 December 2017 and 2016.

Summarised balance sheet

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		Evo-Trend Corporation (Malaysia) Sdn Bhd	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current						
Assets	24,229	23,587	35,099	30,113	7,301	7,373
Liabilities	(11,709)	(11,557)	(11,525)	(3,455)	(571)	(287)
Total current net assets	12,520	12,030	23,574	26,658	6,730	7,086
Non-current						
Assets	1,592	1,675	4,469	3,790	285	313
Liabilities	-	-	(157)	(210)	(20)	(20)
Total non-current net assets	1,592	1,675	4,312	3,580	265	293
Net assets	14,112	13,705	27,886	30,238	6,995	7,379

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		Evo-Trend Corporation (Malaysia) Sdn Bhd	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	49,634	45,060	44,850	57,018	8,179	10,489
Profit before income tax	3,288	2,869	(1,102)	429	1,289	1,984
Income tax (paid)/refunded	(930)	(838)	316	(129)	(328)	(477)
Profit/(loss) for the year and total comprehensive income	2,358	2,031	(786)	300	961	1,507
Total comprehensive income allocated to non-controlling interests	707	609	(157)	60	288	452
Dividends paid to non-controlling interests	351	222	318	87	436	497

Summarised cash flows

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		Evo-Trend Corporation (Malaysia) Sdn Bhd	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cash flows from operating activities</u>						
Cash generated from operations	1,718	2,650	2,809	2,440	903	2,483
Interest received	–	–	2	1	73	75
Income tax (paid)/refunded	(915)	(809)	67	(171)	(349)	(514)
Net cash generated from operating activities	803	1,841	2,878	2,270	627	2,044
Net cash used in investing activities	(505)	(316)	(207)	(1,181)	(28)	(45)
Net cash used in financing activities	(461)	(1,658)	(1,625)	(1,074)	(1,487)	(1,626)
Net (decrease)/increase in cash and cash equivalents	(163)	(133)	1,046	15	(888)	373
Cash and cash equivalents at beginning of year	697	802	1,693	1,658	4,551	4,248
Exchange (losses)/gains on cash and cash equivalents	(39)	28	(1)	20	74	(70)
Cash and cash equivalents at end of year	495	697	2,738	1,693	3,737	4,551



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Leasehold properties	Office equipment, plant and machinery	Motor vehicles	Renovation	Computers	Furniture and fittings	Construction in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
2017										
Cost										
Beginning of financial year	2,390	2,913	77,786	122,497	7,762	1,413	4,255	1,770	1,203	221,989
Currency translation differences	-	65	(629)	(1,143)	(48)	(32)	(57)	(30)	(20)	(1,894)
Additions	-	-	748	2,383	1,079	163	485	39	-	4,897
Disposals	-	-	(18)	(11,669)	(829)	(57)	(1,310)	(323)	(26)	(14,232)
Write-offs	-	-	-	(7,633)	-	-	-	-	-	(7,633)
Reclassification	-	-	-	1,072	-	-	-	-	(1,072)	-
Reclassified to non-current assets held for sale (Note 19)	(291)	(887)	-	-	-	-	-	-	-	(1,178)
Reclassified to investment property (Note 17)	-	-	(16,973)	-	-	-	-	-	-	(16,973)
End of financial year	2,099	2,091	60,914	105,507	7,964	1,487	3,373	1,456	85	184,976
Accumulated depreciation and impairment loss										
Beginning of financial year	-	507	15,685	89,608	4,536	850	3,616	1,309	-	116,111
Currency translation differences	-	5	(32)	(1,110)	(36)	(27)	(47)	(27)	-	(1,274)
Depreciation	-	36	2,181	7,894	1,057	91	388	127	-	11,774
Disposals	-	-	(18)	(9,149)	(645)	(57)	(1,281)	(316)	-	(11,466)
Write-offs	-	-	-	(6,043)	-	-	-	-	-	(6,043)
Reclassified to non-current assets held for sale (Note 19)	-	(466)	-	-	-	-	-	-	-	(466)
Reclassified to investment property (Note 17)	-	-	(5,962)	-	-	-	-	-	-	(5,962)
End of financial year	-	82	11,854	81,200	4,912	857	2,676	1,093	-	102,674
Net book value										
End of financial year	2,099	2,009	49,060	24,307	3,052	630	697	363	85	82,302

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings on freehold land	Leasehold properties	Office equipment, plant and machinery	Motor vehicles	Renovation	Computers	Furniture and fittings	Construction in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
2016										
Cost										
Beginning of financial year	2,390	3,248	74,049	123,481	8,398	1,280	4,475	1,753	6,918	225,992
Currency translation differences	-	(59)	(1,330)	(3,438)	2	7	(65)	(5)	(250)	(5,138)
Additions	-	-	5,220	953	511	132	238	67	-	7,121
Disposals	-	(276)	(153)	(3,964)	(1,149)	(6)	(393)	(45)	-	(5,986)
Reclassification	-	-	-	5,465	-	-	-	-	(5,465)	-
End of financial year	2,390	2,913	77,786	122,497	7,762	1,413	4,255	1,770	1,203	221,989
Accumulated depreciation and impairment loss										
Beginning of financial year	-	473	13,952	86,339	4,432	772	3,636	1,201	-	110,805
Currency translation differences	-	(2)	(276)	(2,691)	(8)	7	(61)	(5)	-	(3,036)
Depreciation	-	36	2,161	9,421	1,076	73	413	152	-	13,332
Disposals	-	-	(152)	(3,461)	(964)	(2)	(372)	(39)	-	(4,990)
End of financial year	-	507	15,685	89,608	4,536	850	3,616	1,309	-	116,111
Net book value										
End of financial year	2,390	2,406	62,101	32,889	3,226	563	639	461	1,203	105,878



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles	
	2017	2016
	\$'000	\$'000
<i>Company</i>		
<i>Cost</i>		
Beginning of financial year	350	600
Disposals	–	(250)
End of financial year	350	350
<i>Accumulated depreciation</i>		
Beginning of financial year	192	372
Depreciation charge	70	70
Disposals	–	(250)
End of financial year	262	192
Net book value		
End of financial year	88	158

(a) The carrying amounts of motor vehicles and plant and machinery held under finance leases are \$131,000 (2016: \$121,000) and \$11,000 (2016: \$18,000) respectively at the balance sheet date.

(b) Bank borrowings (Note 21) are secured on property, plant and equipment of the Group with carrying amounts as follows:

	Group	
	2017	2016
	\$'000	\$'000
Freehold land	797	789
Buildings on freehold land	893	925
Leasehold properties	23,823	24,610
Plant and machinery	3,097	1,068
Office equipment	1,832	1,967
	30,442	29,359

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVESTMENT PROPERTY

	Group 2017 \$'000
<i>Cost</i>	
Beginning of financial year	–
Transferred from property, plant and equipment at carrying amount (Note 16)	16,973
End of financial year	16,973
<i>Accumulated depreciation</i>	
Beginning of financial year	–
Transferred from property, plant and equipment at carrying amount (Note 16)	5,962
Depreciation	–
End of financial year	5,962
Net book value End of financial year	11,011
Fair value As at 31 December 2017	31,133

Investment property is leased to non-related party under operating leases [Note 27(c)].

The following amounts are recognised in profit or loss:

	Group 2017 \$'000
Rental income	1,559
Direct operating expenses arising from:	
– Investment property that generate rental income	(368)
	1,191

At the balance sheet date, the detail of the Group's investment property is as follows:

Location	Description	Tenure
No 611 Shen Fu Road, Shanghai Zip Code 201108, PRC	Leasehold land and building	50 years lease from 14 June 1999



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. INVESTMENT PROPERTY (CONTINUED)

Fair value hierarchy

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.

18. INTANGIBLE ASSETS

Composition:

	Group	
	2017	2016
	\$'000	\$'000
Goodwill arising on consolidation [Note (a)]	1,673	1,681
Trademark [Note (b)]	1,240	1,302
Computer software [Note (c)]	2,001	1,218
	4,914	4,201

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

(a) Goodwill arising on consolidation

	Group	
	2017	2016
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	2,451	2,446
Currency translation differences	(8)	5
End of financial year	2,443	2,451
<i>Accumulated impairment</i>		
Beginning and end of financial year	770	770
<i>Net book value</i>	1,673	1,681

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. INTANGIBLE ASSETS (CONTINUED)

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	
	2017	2016
	\$'000	\$'000
Singapore	881	881
Malaysia	505	505
China/Hong Kong	59	59
New Zealand	228	236
	1,673	1,681

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			
	2017		2016	
	Singapore	Malaysia	Singapore	Malaysia
Terminal growth rate	3%	3%	3%	3%
Pre-tax discount rate	9.9%	12.1%	9.4%	11.8%

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 2017

18. INTANGIBLE ASSETS (CONTINUED)

(b) Trademark

	Group	
	2017	2016
	\$'000	\$'000
<i>Cost</i>		
Beginning and end of financial year	1,861	1,861
<i>Accumulated amortisation</i>		
Beginning of financial year	559	497
Amortisation charge (Note 5)	62	62
End of financial year	621	559
<i>Net book value</i>	1,240	1,302

(c) Computer software

	Group	
	2017	2016
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	1,218	336
Additions	1,082	882
End of financial year	2,300	1,218
<i>Accumulated amortisation</i>		
Beginning of financial year	–	–
Amortisation charge (Note 5)	299	–
End of financial year	299	–
<i>Net book value</i>	2,001	1,218

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19. NON-CURRENT ASSETS HELD FOR SALE

Detail of the property, plant and equipment classified as non-current asset held for sale are as follows:

Transferred from property, plant and equipment at carrying amount (Note 16):

	2017
	\$'000
Freehold land	291
Building	421
	712

A subsidiary had entered into a sale and purchase agreement for the sale of the Group's land and building in Wetherill Park, NSW, Australia on 5 December 2017. The sale was completed on 26 February 2018 above its carrying amount. The land and building are included in distribution segment (Note 31).

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade payables to				
– Non-related parties	16,791	22,789	–	–
– An associated company	105	7	–	–
	16,896	22,796	–	–
Due to directors (non-trade) [Note (a)]	758	400	758	400
Accrued operating expenses	9,535	7,260	457	463
Provision for employees leave benefits [Note (b)]	2,249	2,150	–	–
Provision for staff termination arising from restructuring	–	2,700	–	–
Other payables	5,497	7,523	9	10
Advance payments received	1,571	1,849	–	–
	36,506	44,678	1,224	873

(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 agreements between the Executive Director and the Company.

(b) The non-current portion of employees leave benefits amount to \$233,000 (2016: \$277,000).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21. BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Current portion of long-term bank loans	6,119	6,246	–	600
Short-term bank loans	36,360	49,056	–	–
Trust receipt loans	27,561	20,407	–	–
Bank overdrafts (Note 10)	365	1,084	–	–
Finance lease liabilities (Note 22)	83	65	–	–
	70,488	76,858	–	600
<i>Non-current</i>				
Long-term bank loans	14,883	21,506	–	–
Finance lease liabilities (Note 22)	5	11	–	–
	14,888	21,517	–	–
Total borrowings	85,376	98,375	–	600

Security granted

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

- (i) Borrowings of \$4,124,000 (2016: \$5,053,000) are secured over a first legal charge on plant and machinery of certain subsidiaries [Note 16(b)];
- (ii) Borrowings of \$44,708,000 (2016: \$40,254,000) are secured over a fixed and floating charge on all the assets of certain subsidiaries; and
- (iii) Borrowings of \$3,839,000 (2016: \$4,193,000) are secured over banker's guarantees, up to \$6.2 million (2016: \$6.2 million), given as security to other financial institutions which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a fixed and floating charge on all the assets of a subsidiary referred to in paragraph (ii) above.

Finance lease liabilities are secured by the rights to the leased property, plant and equipment [Note 16(a)], which will revert back to the lessor in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. FINANCE LEASE LIABILITIES

The Group leases certain property, plant and equipment from non-related parties under finance leases.

	Group	
	2017	2016
	\$'000	\$'000
Minimum lease payments due:		
– Not later than one year	96	67
– Between two and five years	6	11
	102	78
Less: Future finance charges	(14)	(2)
Present value of finance lease liabilities	88	76

The present values of finance lease liabilities are analysed as follows:

	Group	
	2017	2016
	\$'000	\$'000
Not later than one year (Note 21)	83	65
Between one and five years (Note 21)	5	11
	88	76

23. SHARE CAPITAL

The share capital of the Company and the Group comprises fully paid-up 292,296,000 (2016: 292,296,000) ordinary shares with no par value, amounting to a total of \$77,001,000 (2016: \$77,001,000).

24. OTHER RESERVES

	Group	
	2017	2016
	\$'000	\$'000
(a) <u>Composition:</u>		
General reserve	7,177	7,032
Currency translation reserve	(25,864)	(24,733)
Transactions with non-controlling interests	(2,210)	(2,210)
	(20,897)	(19,911)

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. OTHER RESERVES (CONTINUED)

		Group	
		2017	2016
		\$'000	\$'000
(b)	<u>Movements:</u>		
(i)	General reserve		
	Beginning of financial year	7,032	7,451
	Currency translation differences	(161)	(577)
	Transfer from retained profits	306	158
	End of financial year	7,177	7,032
(ii)	Currency translation reserve		
	Beginning of financial year	(24,733)	(21,870)
	Currency translation differences	(1,131)	(2,863)
	End of financial year	(25,864)	(24,733)
(iii)	Transactions with non-controlling interests		
	Beginning and end of financial year	(2,210)	(2,210)

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.

25. RETAINED PROFITS

(a) Retained profits of the Group are distributable except for accumulated share of retained profits of associated company amounting to \$8,883,000 (2016: \$ 7,102,000). Retained profits of the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

		Company	
		2017	2016
		\$'000	\$'000
	Beginning of financial year	58,728	57,996
	Net profit	4,452	4,882
	Dividends paid (Note 26)	(1,871)	(4,150)
	End of financial year	61,309	58,728

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26. DIVIDENDS

	Group and Company	
	2017	2016
	\$'000	\$'000
<i>Ordinary dividends paid or proposed</i>		
Final exempt dividend paid in respect of the previous financial year of 0.64 cents (2016: 1.42 cents) per share	1,871	4,150

At the Annual General Meeting to be held on 26 April 2018, a final exempt dividend of 1.50 cent per share amounting to a total of \$4,384,000 will be recommended. 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 2018.

27. COMMITMENTS

(a) Capital commitments

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

	Group	
	2017	2016
	\$'000	\$'000
Intangible asset - computer software	–	539
Property, plant and equipment	101	230
	101	769

(b) Operating lease arrangements – where the Group is a lessee

The Group leases premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2017	2016
	\$'000	\$'000
Not later than one year	5,954	5,895
Between one and five years	14,403	11,691
Later than five years	14,816	9,437
	35,173	27,023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. COMMITMENTS (CONTINUED)

(b) Operating lease arrangements – where the Group is a lessee (Continued)

Included in the above are the Group's lease commitments in respect of leases of land up to 30 September 2040 for a monthly rental payment of \$33,709. Since 1 October 2014, the 2 lots of lands are subject to annual revision based on market rate, capped at 10% increase for a 4 year period. Thereafter, the annual revision will be to market rate but the increase, if any, shall not exceed 5.5% of the land rent for each immediate preceding year.

(c) Operating lease commitment – where the Group is a lessor

The Group leases out buggies and leasehold land and building at Shanghai factory under non-cancellable operating lease. The lease on land and building includes fixed rate rental adjustment of 6% at every three years.

The future minimum lease receivable under non-cancellable operating lease contracted for at the balance sheet date but not recognised as receivable, are as follows:

	Group
	2017
	\$'000
Not later than one year	3,274
Between one and five years	12,751
Later than five years	14,030
	30,055

28. 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.

(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").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Market risk** (Continued)**(i) Currency risk** (Continued)

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Renminbi ("RMB"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD"), New Zealand Dollar ("NZD") and European Dollar ("EUR"). To manage the currency risk, individual Group entities enter into currency forwards or cross-currency swaps, where appropriate. As at 31 December 2017, 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	RMB	AUD	MYR	NZD	EUR
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017						
Financial assets						
Cash and cash equivalents	10,195	5,984	3,152	18,282	476	3,465
Trade and other receivables	11,166	13,304	15,478	5,275	7,308	7,439
Inter-company balances	26,255	15,332	2,603	20,770	519	7,155
	47,616	34,620	21,233	44,327	8,303	18,059
Financial liabilities						
Borrowings	15,861	4,258	9,199	77	6,545	6,614
Inter-company balances	26,255	15,332	2,603	20,770	519	7,155
Trade and other payables	4,479	7,563	5,213	3,990	3,317	–
	46,595	27,153	17,015	24,837	10,381	13,769
Net financial assets/(liabilities)	1,021	7,467	4,218	19,490	(2,078)	4,290
Currency forwards	1,469	–	212	–	–	(3,965)
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	11,546	(286)	(1,838)	(12,041)	3,265	–
Currency exposure on financial assets	14,036	7,181	2,592	7,449	1,187	325



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	USD	RMB	AUD	MYR	NZD	EUR
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016						
Financial assets						
Cash and cash equivalents	9,164	9,687	1,918	16,829	676	1,269
Trade and other receivables	12,208	26,862	13,248	3,931	6,646	3,862
Inter-company balances	26,822	34,869	2,522	21,875	469	3,056
	48,194	71,418	17,688	42,635	7,791	8,178
Financial liabilities						
Borrowings	22,358	19,228	1,443	61	6,214	3,469
Inter-company balances	26,822	34,869	2,522	21,875	469	3,056
Trade and other payables	5,465	13,816	4,090	3,828	3,483	–
	54,645	67,913	8,055	25,764	10,166	6,525
Net financial (liabilities)/assets	(6,451)	3,505	9,633	16,871	(2,375)	1,653
Currency forwards	365	–	272	–	–	(7,211)
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	12,262	(5,423)	(7,197)	(10,741)	3,687	–
Currency exposure on financial assets/(liabilities)	6,176	(1,918)	2,708	6,130	1,312	(5,558)

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

	2017		2016	
	USD	AUD	USD	AUD
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	892	–	154	–
Trade and other receivables	–	2,379	1,451	2,447
	892	2,379	1,605	2,447
Financial liabilities				
Borrowings	–	–	–	–
Trade and other payables	–	–	–	–
	–	–	–	–
Net financial assets	892	2,379	1,605	2,447
Currency swap	–	–	–	–
Net financial assets denominated in functional currency	–	–	–	–
Currency exposure on financial assets	892	2,379	1,605	2,447

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (Continued)

(i) **Currency risk** (Continued)

If the USD, RMB, AUD, MYR, NZD and EUR change against the SGD by 0.1% (2016: 0.5%), 1.7% (2016: 5.8%), 3.0% (2016: 0.6%), 3.7% (2016: 5.7%), 1.9% (2016: 0.1%) and 2% (2016: 0.2%) respectively 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) →	
	2017	2016
	Profit after tax	Profit after tax
	\$'000	\$'000
<u>Group</u>		
USD against SGD		
– Strengthened	12	26
– Weakened	(12)	(26)
RMB against SGD		
– Strengthened	101	(92)
– Weakened	(101)	92
AUD against SGD		
– Strengthened	65	13
– Weakened	(65)	(13)
MYR against SGD		
– Strengthened	229	290
– Weakened	(229)	(290)
NZD against SGD		
– Strengthened	19	1
– Weakened	(19)	(1)
EUR against SGD		
– Strengthened	5	(9)
– Weakened	(5)	9
<u>Company</u>		
USD against SGD		
– Strengthened	1	7
– Weakened	(1)	(7)
AUD against SGD		
– Strengthened	59	12
– Weakened	(59)	(12)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(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 and 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 USD, AUD, RMB and MYR. If the USD, AUD, RMB and MYR interest rates increase/decrease by 1.0% (2016: 0.4%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by \$29,000 (2016: \$14,000), \$74,000 (2016: \$13,000), \$81,000 (2016: \$86,000) and \$105,000 (2016: \$39,000) respectively as a result of higher/lower interest expense on these borrowings.

(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 sufficient 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 Heads 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 the Head of 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	
	2017	2016
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' loans	85,372	98,359

The Company's investment holding activities do not expose it to significant credit risk.

The trade receivables at the Group comprise 3 debtors (2016: 3 debtors) that individually represent 2-8% (2016: 3-16%) of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. 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	
	2017	2016
	\$'000	\$'000
<u>By geographical areas</u>		
Australia	14,345	12,632
Germany	7,885	3,952
Indonesia	3,070	3,540
Italy	107	344
Malaysia	4,130	3,272
New Zealand	7,248	6,626
People's Republic of China	5,315	23,153
Singapore	14,046	13,215
Sweden	1,865	2,031
Taiwan	3,243	3,275
Thailand	4,848	4,873
United Kingdom	1,457	609
United States	7,358	6,553
Other countries	10,065	8,148
	84,982	92,225
<u>By types of customers</u>		
Non-related parties	84,918	92,149
A related party	64	76
	84,982	92,225

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group and Company do not have any receivables that would have been past due or impaired if the terms were not re-negotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables from non-related parties past due but not impaired is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Past due one month	6,017	5,753
Past due two months	3,802	3,275
Past due over two months	4,234	4,268
	14,053	13,296

The carrying amount of trade receivables from non-related parties individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2017	2016
	\$'000	\$'000
Not past due	6	157
Past due less than one month	39	88
Past due one month	200	77
Past due two months	190	92
Past due over two months	2,127	1,931
	2,562	2,345
Less: Allowance for impairment	(2,562)	(2,345)
	-	-
Beginning of financial year	2,345	2,969
Currency translation differences	(46)	94
Allowance made	1,431	923
Allowance utilised	(915)	(1,310)
Allowance written back	(253)	(331)
End of financial year	2,562	2,345

The impaired trade receivables are long outstanding and are not expected to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)**(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	Between 1 and 5 years	Over 5 years
	\$'000	\$'000	\$'000
<u>Group</u>			
2017			
Trade and other payables	32,674	–	–
Borrowings	70,934	15,804	–
	103,608	15,804	–
2016			
Trade and other payables	38,725	–	–
Borrowings	78,069	22,996	686
	116,794	22,996	686
<u>Company</u>			
2017			
Trade and other payables	1,224	–	–
Financial guarantee	85,372	–	–
	86,596	–	–
2016			
Trade and other payables	873	–	–
Borrowings	606	–	–
Financial guarantee	98,359	–	–
	99,838	–	–

The table below analyses the derivative financial instruments of the Group and the Company 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Less than 1 year	Between 1 and 5 years
	\$'000	\$'000
<u>Group</u>		
2017		
Gross settled currency forwards		
– Receipts	5,899	–
– Payments	(5,784)	–
<u>Group and Company</u>		
2016		
Gross settled currency forwards		
– Receipts	9,928	–
– Payments	(9,792)	–

(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, which were unchanged from 2016, are to maintain net gearing ratios within 30% to 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 less cash and cash equivalents.

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Net debt	31,016	46,905	(3,178)	(3,685)
Total capital and reserves attributable to equity holders	248,100	242,512	138,310	135,729
Net gearing ratio	13%	19%	NM	NM

NM – Not meaningful

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (Continued)

Financial covenants relating to the Group's and Company's borrowings include consolidated tangible networth, 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 2017 and 2016.

(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:

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

	Level 2
	\$'000
<u>Group</u>	
As at 31 December 2017	
Derivative financial instruments	
– Asset	115
– Liability	–
	<hr/>
As at 31 December 2016	
Derivative financial instruments	
– Asset	136
– Liability	–
	<hr/>

The carrying value less impairment provision of trade receivables 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 2017

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed in Note 13 to the financial statements, and the following:

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Loan and receivables	145,539	148,205	39,111	36,913
Financial liabilities at amortised cost	118,228	137,099	1,224	1,473

29. 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.

30. 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	
	2017	2016
	\$'000	\$'000
Sales of goods to an associated company	8,062	8,877
Purchases of goods from an associated company	(1,560)	(846)

Outstanding balances as at 31 December 2017, arising from sale/purchase of goods to/from associated company, are unsecured, receivable/payable within 12 months from balance sheet date and are set out in Notes 11 and 20 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Salaries and other short-term employee benefits	4,323	3,949
Employer's contribution to defined contribution plans, including Central Provident Fund	60	56
	4,383	4,005

Included in the above was total compensation to directors of the Company amounted to \$1,607,000 (2016: \$1,360,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. 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 two 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.

The segment information provided to senior management for the year ended 31 December 2017 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					
	North East Asia	ASEAN	Sub-total	North East Asia	ASEAN	Oceania	Others	Sub-total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales									
Total segment sales	80,131	78,276	158,407	38,007	137,318	125,476	21,614	322,415	480,822
Inter-segment sales	(12,168)	(25,776)	(37,944)	–	–	–	–	–	(37,944)
Sales to external parties	67,963	52,500	120,463	38,007	137,318	125,476	21,614	322,415	442,878
Segment result	(1,535)	3,961	2,426	417	4,615	5,602	(942)	9,692	12,118
Other gains									4,431
									16,549
Finance expenses									(3,481)
Share of profit of an associated company	–	2,124	2,124	–	–	–	–	–	2,124
Profit before income tax									15,192
Income tax expense									(5,674)
Net profit									9,518
Segment assets	72,430	71,176	143,606	21,500	117,214	77,341	11,556	227,611	371,217
Segment assets includes:									
Investment in an associated company									
Additions to:	–	17,896	17,896	–	–	–	–	–	17,896
– Property, plant and equipment	643	1,534	2,177	39	845	1,836	–	2,720	4,897
– Intangible assets	493	–	493	–	64	525	–	589	1,082
Segment liabilities	(8,643)	(4,386)	(13,029)	(2,514)	(10,604)	(10,586)	(6)	(23,710)	(36,739)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to senior management for the year ended 31 December 2016 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					
	North East Asia	ASEAN	Sub-total	North East Asia	ASEAN	Oceania	Others	Sub-total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales									
Total segment sales	106,658	67,084	173,742	39,673	135,631	130,348	18,179	323,831	497,573
Inter-segment sales	(14,257)	(17,747)	(32,004)	–	–	–	–	–	(32,004)
Sales to external parties	92,401	49,337	141,738	39,673	135,631	130,348	18,179	323,831	465,569
Segment result	(4,522)	3,915	(607)	(1,088)	4,729	5,966	(1,820)	7,787	7,180
Other gains									3,441
Unallocated cost									531
									11,152
Finance expenses									(4,297)
Share of profit of an associated company	–	1,500	1,500	–	–	–	–	–	1,500
Profit before income tax									8,355
Income tax expense									(3,897)
Net profit									4,458
Segment assets	98,746	65,261	164,007	26,895	110,684	71,440	13,391	222,410	386,417
Segment assets includes:									
Investment in an associated company	–	16,263	16,263	–	–	–	–	–	16,263
Additions to:									
– Property, plant and equipment	4,357	998	5,355	165	979	620	2	1,766	7,121
– Intangible assets	–	–	–	–	882	–	–	882	882
Segment liabilities	(17,070)	(3,410)	(20,480)	(4,709)	(10,009)	(9,547)	(254)	(24,519)	(44,999)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. SEGMENT INFORMATION (CONTINUED)

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

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

(a) Reconciliations

(i) **Segment assets**

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

Segment assets are reconciled to total assets as follows:

	Group	
	2017	2016
	\$'000	\$'000
Segment assets	359,661	373,026
Other segment assets	11,556	13,391
Unallocated:		
Deferred income tax assets	4,243	3,295
Derivative financial instruments	115	136
Short-term bank deposits	11,861	12,334
Transferable club membership	38	227
	387,474	402,409



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations (Continued)

(ii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2017	2016
	\$'000	\$'000
Segment liabilities	(36,733)	(44,745)
Other segment liabilities	(6)	(254)
Unallocated:		
Income tax liabilities	(2,052)	(576)
Deferred income tax liabilities	(2,500)	(2,390)
Borrowings	(85,376)	(98,375)
	(126,667)	(146,340)

(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	
	2017	2016
	\$'000	\$'000
Distribution of automotive and industrial products	322,415	323,831
Manufacturing of alloy wheels	120,463	141,738
	442,878	465,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The Group operates in the following geographic areas:

	Sales *		Non-current assets	
	Group		Group	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Singapore	67,591	59,674	46,107	46,488
Malaysia	93,147	95,968	22,964	23,721
China/Hong Kong	86,393	114,993	37,227	44,934
Taiwan	18,485	15,146	3,047	3,553
Australia	78,133	85,308	3,693	4,283
New Zealand	47,343	45,040	1,451	1,538
Other countries	51,786	49,440	1,634	1,825
	442,878	465,569	116,123	126,342

* 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.

32. 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 2018 and which the Group has not early adopted:

(a) FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (a) FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (Continued)

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 33). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 33.

- (b) FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 33). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (c) INT FRS 122 *Foreign Currency Transactions and Advance Considerations* (effective for annual periods beginning on or after 1 January 2018)

INT FRS 122 *Foreign Currency Transactions and Advance Considerations* considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 *The Effect of Changes in Foreign Exchange Rates*. The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect a material impact on the financial statement upon adoption of the Interpretation.

- (d) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 33). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as disclosed in Note 27(b) as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. ADOPTION OF SFRS(I)s

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ended 31 March 2018 in May 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect an optional exemption and the exemption resulting in significant adjustments to the Group's financial statements prepared under SFRS(I)s. Refer below:

(i) Cumulative translation differences

The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 was increased/decreased by \$24,733,000 respectively.

(b) Adoption of SFRS(I) 9

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Impairment of financial assets

The following financial assets will be subject to the expected credit loss model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15; and
- loans to related parties and other receivables at amortised cost.

The new impairment model is not expected to result in material earlier recognition of credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. ADOPTION OF SFRS(I)s (CONTINUED)

(c) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt the SFRS(I) 15 retrospectively. The main adjustments are as follows:

(i) *Accounting for contracts with variable consideration*

Some of the sales contracts with customers provides trade discounts or volume rebates. Such provisions give rise to variable consideration under SFRS(I) 15. Under SFRS(I) 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associate uncertainty is subsequently resolved.

The adoption of SFRS(I) 15 not expected to result in material restatement of previously recognised revenue.

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 23 March 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2018

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 15 March 2018.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	16	0.98	574	0.00
100 - 1,000	126	7.74	57,209	0.02
1,001 - 10,000	762	46.84	4,182,142	1.43
10,001 - 1,000,000	708	43.52	43,027,340	14.72
1,000,001 and above	15	0.92	245,028,546	83.83
TOTAL	1,627	100.00	292,295,811	100.00

PUBLIC SHAREHOLDERS	No. of Shares	%
Non-public shareholders	184,959,213	63.28
Public shareholders	107,336,598	36.72
	292,295,811	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	–	43.80
Tay Tian Hoe Richard ⁽¹⁾	–	139,958,860	47.88
Tay Tiang Guan ⁽²⁾	–	45,000,353	15.40
Tay Soek Eng Margaret ⁽³⁾	–	128,021,860	43.80

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, Cap. 50 (the 'Act'):
- | | |
|---|--------------------|
| Shares held in the name of YHI Holdings Pte Ltd | 128,021,860 |
| Shares held in the name of his nominees | 11,937,000 |
| | 139,958,860 |
- (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 15 MARCH 2018

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	YHI HOLDINGS PTE LTD	128,021,860	43.80
2	CITIBANK NOMINEES SINGAPORE PTE LTD	73,829,453	25.26
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,954,500	3.41
4	DB NOMINEES (SINGAPORE) PTE LTD	7,200,500	2.46
5	DBS NOMINEES PTE LTD	6,413,650	2.19
6	TAN KIM KOON	5,200,000	1.78
7	RAFFLES NOMINEES (PTE) LTD	2,842,100	0.97
8	TEO CHIN VEE (ZHANG JINYI)	2,000,000	0.68
9	PHILLIP SECURITIES PTE LTD	1,957,750	0.67
10	LIM MEE HWA	1,500,000	0.51
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,425,033	0.49
12	TAN YONG CHIANG OR TAN HUI LIANG	1,256,000	0.43
13	OCBC SECURITIES PRIVATE LTD	1,214,800	0.42
14	LEE WOON KIAT	1,212,200	0.41
15	TAN KIA SIONG @ TAN AH KOW	1,000,700	0.34
16	KOO CHOON POI @ KOH CHOON PUI	960,000	0.33
17	LEE LING LING	917,500	0.31
18	KOH PUAY YAN (XU PEIYAN)	810,000	0.28
19	LAM LAI CHENG	750,000	0.26
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	715,300	0.24
	Total	249,181,346	85.24



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 held at 2 Pandan Road, Singapore 609254 on Thursday, 26 April 2018 at 9.30 a.m. 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 2017 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2017 (2016: 0.64 Singapore cents). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company’s Constitution:

Mr Tay Tian Hoe, Richard

(Resolution 3)

Mr Henry Tan Song Kok

(Resolution 4)

Mr Tay Tian Hoe, Richard will, upon re-election as a Director of the Company, remain as Chairman of the Board and a member of the Nominating Committee.

Mr Henry Tan Song Kok will, upon re-election as a Director of the Company, remain as a member of the Remuneration and Nominating Committees and Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited

To note the retirement of Mr Hee Theng Fong who will not be seeking re-election after his retirement in accordance with Regulation 89 of the Company’s Constitution.

4. To approve the payment of Directors’ fees of S\$192,500 for the financial year ended 31 December 2017 (2016: S\$192,500). **(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, Chapter 50 (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 the Shares to be 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,

NOTICE OF ANNUAL GENERAL MEETING

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) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

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 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 issued under sub-paragraph (1) above on a pro-rata basis, 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 outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (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; and
- (4) unless revoked or varied by the Company in a general meeting, such authority 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)]

(Resolution 7)

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary

Singapore, 11 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 6 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 on a pro-rata basis, 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) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, 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 the Ordinary Resolution 6 is passed.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “**Act**”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting (“**AGM**”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **No. 2 Pandan Road, Singapore 609254**, or the registered office of the Company’s share registrar, **Tricor Barbinder Share Registration Services (as the case may be) at 80 Robinson Road #11-02, Singapore 068898**, not less than **72 hours** before the time set for the AGM.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. 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.
6. 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, Chapter 50 of Singapore.
7. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

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YHI INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200007455H)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

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 Meeting (defined below), as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting ("Meeting") of the Company to be held at 2 Pandan Road, Singapore 609254 on Thursday, 26 April 2018 at 9.30 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 (Ordinary Resolution)		
2.	Payment of proposed first and final dividend of 1.50 Singapore cents per ordinary share (Ordinary Resolution)		
3.	Re-election of Mr Tay Tian Hoe, Richard as Director of the Company (Ordinary Resolution)		
4.	Re-election of Mr Henry Tan Song Kok as Director of the Company (Ordinary Resolution)		
5.	Approval of Directors' fees amounting to S\$192,500 for the financial year ended 31 December 2017 (2016: S\$192,500) (Ordinary Resolution)		
6.	Re-appointment of PricewaterhouseCoopers LLP, Certified Public Accountants as 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 ("Shares") - Share Issue Mandate (Ordinary Resolution)		

Dated this _____ day of _____ 2018

Total Number of Shares Held

Signature of Shareholder(s)
and Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “**Act**”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting (“**AGM**”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **No. 2 Pandan Road, Singapore 609254**, or the registered office of the Company’s share registrar, **Tricor Barbinder Share Registration Services (as the case may be) at 80 Robinson Road #11-02, Singapore 068898**, not less than **72 hours** before the time set for the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
7. 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.
8. 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, Chapter 50 of Singapore.
9. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

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 a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (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) to comply with any AGM laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



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

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Website: www.yhi.com.sg