

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**Unaudited Second Quarter 2017 Financial Statements****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year****1(a)(i) CONSOLIDATED INCOME STATEMENT (2Q FY2017 vs 2Q FY2016)**

	Group 01/04/17- 30/06/17 S\$ '000	Group 01/04/16- 30/06/16 S\$ '000	Incr/(Decr) %
Sales	108,959	112,762	(3.4%)
Cost of sales	(82,659)	(88,358)	(6.4%)
Gross profit	26,300	24,404	7.8%
Other gains	184	734	(74.9%)
Expenses			
- Distribution	(10,656)	(10,785)	(1.2%)
- Administrative	(12,423)	(11,365)	9.3%
- Finance	(841)	(1,161)	(27.6%)
Share of profit of an associated company	712	714	(0.3%)
Profit before income tax	3,276	2,541	28.9%
Income tax expense	(1,134)	(900)	26.0%
Net profit	2,142	1,641	30.5%
Profit Attributable to:			
Equity holders of the Company	1,899	1,429	32.9%
Non-controlling interests	243	212	14.6%
	2,142	1,641	30.5%

NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2017 vs 2Q FY2016)

	Group 01/04/17- 30/06/17 S\$ '000	Group 01/04/16- 30/06/16 S\$ '000	Incr/(Decr) %
Interest income	135	65	NM
Interest on borrowings	(841)	(1,161)	(27.6%)
Depreciation of property, plant and equipment	(2,802)	(3,388)	(17.3%)
Amortisation of intangible assets	(16)	(15)	6.7%
Allowance for impairment of doubtful trade receivables	(437)	(359)	21.7%
Write-down of inventories	(878)	(150)	NM
Currency exchange income/(loss) - net	122	(351)	NM
Share of profit of an associated company	712	714	(0.3%)
Gain on disposal of property, plant and equipment	52	108	(51.9%)
Impairment of plant and equipment	(1,386)	-	NM

NM – Not meaningful

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**NOTES TO CONSOLIDATED INCOME STATEMENT (2Q FY2017 vs 2Q FY2016) (Cont'd)**

Income Tax Expenses	Group 01/04/17- 30/06/17 S\$ '000	Group 01/04/16- 30/06/16 S\$ '000	Incr/(Decr) %
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	47	126	(62.7%)
- Foreign	1,225	774	58.3%
	1,272	900	41.3%
Deferred income tax	(137)	(18)	NM
	1,135	882	28.7%
Under/(over) provision in previous financial year			
- Current income tax	(1)	23	NM
- Deferred income tax	-	(5)	NM
	1,134	900	26.0%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (2Q FY2017 vs 2Q FY2016)

	Group 01/04/17- 30/06/17 S\$ '000	Group 01/04/16- 30/06/16 S\$ '000	Incr/(Decr) %
Profit for the period	2,142	1,641	30.5%
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	*1,103	#(3,946)	NM
Total comprehensive income/(loss) for the period	3,245	(2,305)	NM
Total comprehensive income/(loss) to:			
Equity holders of the Company	3,170	(2,392)	NM
Non-controlling interests	75	87	(13.8%)
	3,245	(2,305)	NM

* Consist of foreign currency losses resulting from the strengthening of MYR and RMB against SGD.

Consist of foreign currency losses resulting from the weakening of RMB against SGD.



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1(a)(ii) CONSOLIDATED INCOME STATEMENT (1H FY2017 vs 1H FY2016)

	Group 01/01/17- 30/06/17 S\$ '000	Group 01/01/16- 30/06/16 S\$ '000	Incr/(Decr) %
Sales	218,070	227,895	(4.3%)
Cost of sales	(166,191)	(177,556)	(6.4%)
Gross profit	51,879	50,339	3.1%
Other gains	879	1,402	(37.3%)
Expenses			
- Distribution	(21,146)	(22,192)	(4.7%)
- Administrative	(24,945)	(23,140)	7.8%
- Finance	(1,854)	(2,368)	(21.7%)
Share of profit of an associated company	1,520	1,200	26.7%
Profit before income tax	6,333	5,241	20.8%
Income tax expense	(2,137)	(1,734)	23.2%
Net profit	4,196	3,507	19.6%
Profit Attributable to:			
Equity holders of the Company	3,746	3,162	18.5%
Non-controlling interests	450	345	30.4%
	4,196	3,507	19.6%

NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2017 vs 1H FY2016)

	Group 01/01/17- 30/06/17 S\$ '000	Group 01/01/16- 30/06/16 S\$ '000	Incr/(Decr) %
Interest income	240	138	73.9%
Interest on borrowings	(1,854)	(2,368)	(21.7%)
Depreciation of property, plant and equipment	(5,977)	(6,758)	(11.6%)
Amortisation of intangible assets	(32)	(31)	3.2%
Allowance for impairment of doubtful trade receivables	(1,222)	(960)	27.3%
Write-down of inventories	(1,592)	(677)	NM
Currency exchange loss - net	(594)	(774)	(23.3%)
Share of profit of an associated company	1,520	1,200	26.7%
Gain on disposal of property, plant and equipment	109	139	(21.6%)
Impairment of plant and equipment	(1,386)	-	NM

NM – Not meaningful



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NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2017 vs 1H FY2016) (Cont'd)

Income Tax Expenses	Group 01/01/17- 30/06/17 S\$ '000	Group 01/01/16- 30/06/16 S\$ '000	Incr/(Decr) %
Tax expense attributable to profit is made up of:			
Current income tax			
- Singapore	117	153	(23.5%)
- Foreign	1,891	1,595	18.6%
	2,008	1,748	14.9%
Deferred income tax	82	26	NM
	2,090	1,774	17.8%
Under/(over) provision in previous financial year			
- Current income tax	47	61	(23.0%)
- Deferred income tax	-	(101)	NM
	2,137	1,734	23.2%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (1H FY2017 vs 1H FY2016)

	Group 01/01/17- 30/06/17 S\$ '000	Group 01/01/16- 30/06/16 S\$ '000	Incr/(Decr) %
Profit for the period	4,196	3,507	19.6%
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	*(2,328)	#(5,363)	(56.6%)
Total comprehensive income/(loss) for the period	1,868	(1,856)	NM
Total comprehensive income/(loss) to:			
Equity holders of the Company	1,526	(2,065)	NM
Non-controlling interests	342	209	63.6%
	1,868	(1,856)	NM

* Consist of foreign currency losses resulting from the weakening of MYR and RMB against SGD.

Consist of foreign currency losses resulting from the weakening of RMB against SGD.

**YHI INTERNATIONAL LIMITED**(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)**1(b) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year****STATEMENT OF FINANCIAL POSITION**

	Group 30/06/17	Group 31/12/16	Company 30/06/17	Company 31/12/16
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
ASSETS				
Current assets				
Cash and cash equivalents	59,343	51,470	4,648	4,285
Trade and other receivables	92,661	94,588	34,259	32,628
Inventories	104,798	112,937	-	-
Other current assets	9,874	13,414	9	9
Derivative financial instruments	136	136	-	-
	266,812	272,545	38,916	36,922
Non-current assets				
Transferable club membership, at cost	227	227	-	-
Investment in an associated company	17,532	16,263	-	-
Investments in subsidiaries	-	-	100,324	100,122
Property, plant and equipment	98,796	105,878	123	158
Intangible assets	4,666	4,201	-	-
Deferred income tax assets	3,202	3,295	-	-
	124,423	129,864	100,447	100,280
Total assets	391,235	402,409	139,363	137,202
LIABILITIES				
Current liabilities				
Trade and other payables	41,280	44,678	856	873
Current income tax liabilities	868	576	-	-
Borrowings	72,349	76,858	-	600
	114,497	122,112	856	1,473
Non-current liabilities				
Borrowings	19,084	21,517	-	-
Deferred income tax liabilities	2,499	2,390	-	-
Other – non-current liabilities	304	321	-	-
	21,887	24,228	-	-
Total liabilities	136,384	146,340	856	1,473
NET ASSETS	254,851	256,069	138,507	135,729
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	77,001	77,001	77,001	77,001
Other reserves	(22,131)	(19,911)	-	-
Retained profits	187,297	185,422	61,506	58,728
	242,167	242,512	138,507	135,729
Non-controlling interests	12,684	13,557	-	-
Total equity	254,851	256,069	138,507	135,729

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1(c) Aggregate amount of Group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

Group As at 30/06/17		Group As at 31/12/16	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
72,349	-	76,858	-

Amount repayable after one year

Group As at 30/06/17		Group As at 31/12/16	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
19,084	-	21,517	-

Details of any collateral

The Group's borrowings are secured by the following:-

- (i) a first legal mortgage on certain subsidiaries' freehold and leasehold properties;
- (ii) a first legal charge on office equipment, plant and machinery of certain subsidiaries;
- (iii) a fixed and floating charge on all the assets of certain subsidiaries;
- (iv) corporate guarantee from the Company; and
- (v) banker's guarantees, up to S\$6.2 million (2016: S\$6.2 million), given as security to banks 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.



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1(d) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (2Q FY2017 vs 2Q FY2016)

	Group 01/04/17- 30/06/17 S\$ '000	Group 01/04/16- 30/06/16 S\$ '000
Cash flows from operating activities		
Net profit	2,142	1,641
Adjustments for:		
Income tax expenses	1,134	900
Depreciation of property, plant and equipment	2,802	3,388
Amortisation of intangible assets	16	15
Gain on disposal of property, plant and equipment	(52)	(108)
Interest expense	841	1,161
Interest income	(135)	(65)
Share of profit of an associated company	(712)	(714)
Fair value gain on derivative financial instruments	(2)	(86)
Impairment of plant and equipment	1,386	-
Unrealised currency translation differences	(227)	(26)
Operating cash flow before working capital changes	<u>7,193</u>	<u>6,106</u>
Changes in working capital:		
Inventories	(5,617)	(3,493)
Trade and other receivables	(1,990)	3,212
Other current assets	415	145
Trade and other payables	7,746	682
Cash generated from operations	<u>7,747</u>	<u>6,652</u>
Interest received	135	65
Income tax paid	(777)	(991)
Net cash provided by operating activities	<u>7,105</u>	<u>5,726</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	842	45
Purchase of property, plant and equipment	(1,551)	(946)
Purchase of intangible assets	(174)	-
Net cash used in investing activities	<u>(883)</u>	<u>(901)</u>
Cash flows from financing activities		
Dividends paid to equity holders of the Company	(1,871)	(4,151)
Dividends paid to non-controlling interests	(1,215)	(810)
Interest paid	(841)	(1,024)
Proceeds from borrowings	2,249	2,542
Repayments of borrowings	(2,208)	(8,216)
Repayments of finance lease liabilities	(13)	(225)
Acquisition of additional interest in subsidiary	(202)	-
Net cash used in financing activities	<u>(4,101)</u>	<u>(11,884)</u>
Net increase/(decrease) in cash and cash equivalents	2,121	(7,059)
Cash and cash equivalents at beginning of the financial period	55,948	52,612
Effects of currency translation on cash and cash equivalents	291	(523)
Cash and cash equivalents at end of the financial period	<u>58,360</u>	<u>45,030</u>



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Consolidated cash and cash equivalents are represented by:

	Group 01/04/17- 30/06/17 S\$ '000	Group 01/04/16- 30/06/16 S\$ '000
Cash and bank balances	59,343	46,165
Less: Bank overdrafts	(983)	(1,135)
Cash and cash equivalents as per consolidated statement of cash flows	58,360	45,030

1(d)(ii) CONSOLIDATED STATEMENT OF CASH FLOWS (1H FY2017 vs 1H FY2016)

	Group 01/01/17- 30/06/17 S\$ '000	Group 01/01/16- 30/06/16 S\$ '000
Cash flows from operating activities		
Net profit	4,196	3,507
Adjustments for:		
Income tax expenses	2,137	1,734
Depreciation of property, plant and equipment	5,977	6,758
Amortisation of intangible assets	32	31
Gain on disposal of property, plant and equipment	(109)	(139)
Interest expense	1,854	2,368
Interest income	(240)	(138)
Share of profit of an associated company	(1,520)	(1,200)
Fair value loss/(gain) on derivative financial instruments	1	(277)
Impairment of plant and equipment	1,386	-
Unrealised currency translation differences	(171)	782
Operating cash flow before working capital changes	13,543	13,426
Changes in working capital:		
Inventories	7,423	10,381
Trade and other receivables	820	4,847
Other current assets	3,540	(3,905)
Trade and other payables	(2,919)	2,429
Cash generated from operations	22,407	27,178
Interest received	240	138
Income tax paid	(1,758)	(1,789)
Net cash provided by operating activities	20,889	25,527
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,375	613
Purchase of property, plant and equipment	(2,854)	(3,960)
Purchase of intangible assets	(495)	-
Net cash used in investing activities	(1,974)	(3,347)
Cash flows from financing activities		
Dividends paid to equity holders of the Company	(1,871)	(4,151)
Dividends paid to non-controlling interests	(1,215)	(810)
Interest paid	(1,854)	(2,105)
Proceeds from borrowings	11,879	3,459
Repayments of borrowings	(17,067)	(24,303)
Repayments of finance lease liabilities	(31)	(379)
Acquisition of additional interest in subsidiary	(202)	-
Net cash used in financing activities	(10,361)	(28,289)


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	Group 01/01/17- 30/06/17 S\$ '000	Group 01/01/16- 30/06/16 S\$ '000
Net increase/(decrease) in cash and cash equivalents	8,554	(6,109)
Cash and cash equivalents at beginning of the financial period	50,386	51,734
Effects of currency translation on cash and cash equivalents	(580)	(595)
Cash and cash equivalents at end of the financial period	58,360	45,030
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	59,343	46,165
Less: Bank overdrafts	(983)	(1,135)
Cash and cash equivalents as per consolidated statement of cash flows	58,360	45,030

1(e) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

←Attributable to equity holders of the Company→

	Share capital S\$ '000	Other reserves S\$ '000	Retained profits S\$ '000	Sub-total S\$ '000	Non-controlling interests S\$ '000	Total S\$ '000
The Group						
Balance at 1 January 2017	77,001	(19,911)	185,422	242,512	13,557	256,069
Profit for the period	-	-	3,746	3,746	450	4,196
Other comprehensive loss for the period	-	(2,220)	-	(2,220)	(108)	(2,328)
Total comprehensive income/(loss) for the period	-	(2,220)	3,746	1,526	342	1,868
Dividend relating to 2016 paid	-	-	(1,871)	(1,871)	(1,215)	(3,086)
Balance at 30 June 2017	77,001	(22,131)	187,297	242,167	12,684	254,851
The Group						
Balance at 1 January 2016	77,001	(16,629)	186,036	246,408	13,421	259,829
Profit for the period	-	-	3,162	3,162	345	3,507
Other comprehensive loss for the period	-	(5,227)	-	(5,227)	(136)	(5,363)
Total comprehensive income/(loss) for the period	-	(5,227)	3,162	(2,065)	209	(1,856)
Dividend relating to 2015 paid	-	-	(4,151)	(4,151)	(810)	(4,961)
Balance at 30 June 2016	77,001	(21,856)	185,047	240,192	12,820	253,012

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	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2017	77,001	58,728	135,729
Total comprehensive income for the period	-	4,649	4,649
Dividend relating to 2016 paid	-	(1,871)	(1,871)
Balance at 30 June 2017	77,001	61,506	138,507

	Share capital S\$ '000	Retained profits S\$ '000	Total S\$ '000
The Company			
Balance at 1 January 2016	77,001	57,996	134,997
Total comprehensive income for the period	-	4,941	4,941
Dividend relating to 2015 paid	-	(4,151)	(4,151)
Balance at 30 June 2016	77,001	58,786	135,787

- 1(f) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

There was no change in the Company's number of shares since 31 December 2016. The share capital of the Company as at 30 June 2017 was 292,295,811 Consolidated Shares. There is no share option issued during the period.

- 1(g) **State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

The Company did not hold any treasury shares as at 30 June 2017 and 31 December 2016.

- 1(h)(i) **Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	Company 30/06/17	Company 31/12/16
Total numbers of issued shares (consolidated)	292,295,811	292,295,811
Less: Treasury shares	-	-
Total numbers of issued shares excluding treasury shares	292,295,811	292,295,811

- 1(h)(ii) **A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2017.

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

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except for those as disclosed under paragraph 5, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

On 1 January 2017, the Group has adopted the following revised FRS:-

Amendments to FRS 7 Cash flow statements (Disclosure Initiative) (effective for annual periods beginning on or after 1 January 2017)

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This included changes arising from:

- Cash flows, such as drawdown and repayment of borrowings; and
- Non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

EARNINGS PER SHARE	Group 01/04/17 - 30/06/17	Group 01/04/16 - 30/06/16	Group 01/01/17 - 30/06/17	Group 01/01/16 - 30/06/16
(a) Based on the number of ordinary shares on issue (cents)	0.65	0.49	1.28	1.08
(b) On fully diluted basis (cents)	0.65	0.49	1.28	1.08
Weighted average number of ordinary shares	292,295,811	292,295,811	292,295,811	292,295,811

- (i) The Group's earnings per share for current and preceding financial period are based on the 292,295,811 ordinary shares.

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- (ii) 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 period.
- (iii) There was no material impact on prior period EPS on adoption of the revised FRS as disclosed in paragraph 5.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

NET ASSET VALUE PER SHARE

	Group 30/06/17	Group 31/12/16	Company 30/06/17	Company 31/12/16
Net asset value per ordinary share (cents)	82.85	82.97	47.39	46.44

- (i) The Group and Company net asset value per share as at 30 June 2017 and as at 31 December 2016 are based on the actual number of consolidated shares of 292,295,811 ordinary shares.
- (ii) There was no material impact on prior year net asset value per share on adoption of the revised FRS as disclosed in paragraph 5.



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

REVIEW OF SECOND QUARTER FINANCIAL RESULTS (2Q2017 VS 2Q2016)

Turnover

The Group reported a 3.4% (or \$3.8 million) decrease in turnover to \$109.0 million (2Q2017) from \$112.8 million (2Q2016) mainly due to lower sales in our manufacturing business, despite higher sales recorded by our distribution business as compared to the corresponding period last year.

Distribution business, accounting for 75.4% of the Group's total turnover, recorded an increase of 3.3% (or \$2.7 million) in turnover, from \$79.4 million (2Q2016) to \$82.1 million (2Q2017) mainly due to higher sales in the wheels and industrial & automotive batteries divisions; whilst our tyres division recorded a 4.6% decrease in sales. Our wheel manufacturing business, accounting for 24.6% of the Group's total turnover, recorded a decrease of 19.3% (or \$6.5 million) in turnover, from \$33.4 million (2Q2016) to \$26.9 million (2Q2017) mainly due to the cessation of production at Shanghai factory.

Gross Profit

Gross Profit increased by 7.8% (or \$1.9 million) to \$26.3 million (2Q2017) from \$24.4 million (2Q2016). The Group's gross profit margin increased to 24.1% in 2Q2017 compared to 21.6% in 2Q2016 mainly due to higher gross profit margin from both our distribution and manufacturing business.

Operating Expenses

Distribution expenses decreased by 1.2% (or \$0.2 million) in 2Q2017 to \$10.6 million compared to \$10.8 million in 2Q2016 mainly due to lower carriage outwards and commission expenses.

Administrative expenses increased by 9.3% (or \$1.0 million) in 2Q2017 to \$12.4 million compared to \$11.4 million in 2Q2016 mainly due to impairment of plant and equipment and retrenchment compensation to workers arising from the cessation of production at our Shanghai factory. Excluding the impairment loss of \$1.4 million and retrenchment compensation of \$0.2 million, administrative expenses were \$10.8 million in 2Q2017, about 5.3% lower compared to the corresponding period last year.

Financing costs decreased by 27.6% (or \$0.3 million) in 2Q2017 to \$0.9 million compared to \$1.2 million in 2Q2016 mainly due to lower interest costs incurred.

Income Tax expense

Income tax expense increased by 26.0% (or \$0.2 million) mainly due to higher Group profit before tax for the period.

Share of Profit of an Associated Company

Our associated company reported similar performance compared to the corresponding period last year and consequently our share of profits was flat at \$0.7 million in 2Q2017.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 32.9% (or \$0.5 million) to \$1.9 million in 2Q2017 from \$1.4 million in 2Q2016. Excluding the impairment loss and retrenchment compensation, net profit after tax and non-controlling interests would have been \$3.5 million in 2Q2017 compared to \$1.4 million in 2Q2016.



YHI INTERNATIONAL LIMITED

(Company Registration No. 200007455H)
(Incorporated In the Republic of Singapore)

REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS (1H2017 VS 1H2016)

Turnover

The Group reported a 4.3% (or \$9.8 million) decrease in turnover to \$218.1 million (1H2017) from \$227.9 million (1H2016) mainly due to lower sales in our manufacturing business, despite higher sales recorded by our distribution business as compared to the corresponding period last year.

Distribution business, accounting for 75% of the Group's total turnover, recorded an increase of 4.8% (or \$7.6 million) in turnover, from \$155.9 million (1H2016) to \$163.5 million (1H2017) mainly due to higher sales in the wheels and industrial & automotive batteries divisions; whilst our tyres division recorded a 4.8% decrease in sales. Our wheel manufacturing business, accounting for 25% of the Group's total turnover, recorded a decrease of 24.1% (or \$17.4 million) in turnover, from \$72.0 million (1H2016) to \$54.6 million (1H2017) mainly due to the cessation of production at Shanghai factory.

Gross Profit

Gross Profit increased by 3.1% (or \$1.6 million) to \$51.9 million (1H2017) from \$50.3 million (1H2016). The Group's gross profit margin increased to 23.8% in 1H2017 compared to 22.1% in 1H2016 mainly due to higher gross profit margin from both our distribution and manufacturing business.

Operating Expenses

Distribution expenses decreased by 4.7% (or \$1.1 million) in 1H2017 to \$21.1 million compared to \$22.2 million in 1H2016 mainly due to lower carriage outwards, advertising & promotion expenses and commission expenses.

Administrative expenses increased by 7.8% (or \$1.7 million) in 1H2017 to \$24.9 million compared to \$23.2 million in 1H2016 mainly due to 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 production at our Shanghai factory. Excluding these expenses relating to the cessation of production, administrative expenses were lower by 4.3% (or \$1.0 million) compared to the corresponding period last year.

Financing costs decreased by 21.7% (or \$0.5 million) in 1H2017 to \$1.9 million compared to \$2.4 million in 1H2016 mainly due to lower interest costs incurred.

Income Tax expense

Income tax expense increased by 23.2% (or \$0.4 million) mainly due to higher Group profit before tax for the period.

Share of Profit of an Associated Company

Our associated company reported better performance and our share of profits was \$1.5 million in 1H2017 compared to \$1.2 million in 1H2016.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 18.5% (or \$0.6 million) to \$3.7 million in 1H2017 from \$3.1 million in 1H2016. Excluding the expenses relating to the cessation of production at Shanghai factory, net profit after tax and non-controlling interests would have been \$5.5 million in 1H2017 compared to \$3.1 million in 1H2016.



YHI INTERNATIONAL LIMITED

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STATEMENT OF FINANCIAL POSITION REVIEW

As at 30 June 2017, total assets amounted to about \$391.2 million comprising \$266.8 million of current assets and \$124.4 million of non-current assets. Total liabilities amounted to about \$136.4 million comprising current liabilities of \$114.5 million and non-current liabilities of \$21.9 million. Shareholders' equity including non-controlling interests amounted to \$254.8 million.

The substantial changes in the statement of financial position compared to 31 December 2016 are as follows:

Inventories

Inventories decreased from \$112.9 million to \$104.8 million mainly due to better inventory management and our 3"R" reduction policy to reduce inventory.

Other current assets

Other current assets decreased from \$13.4 million to \$9.9 million mainly due to lower prepayment for mould costs and lower advance payment to suppliers.

Property, plant and equipment

Property, plant and equipment decreased from \$105.8 million to \$98.8 million mainly due to depreciation charged for the period and impairment of plant and equipment arising from the cessation of production at our Shanghai factory.

Intangible assets

Intangible assets increased from \$4.2 million to \$4.7 million mainly due to implementation of ERP software.

Current income tax liabilities

Income tax liabilities increased from \$0.6 million to \$0.9 million mainly due to current year income tax provision of certain subsidiaries.

Borrowings (current & non-current)

Borrowings decreased from \$98.3 million to \$91.4 million mainly due to repayment of bank borrowings during the period.

Other reserves

Other reserves, consist of foreign currency translation losses on overseas investments, increased from \$19.9 million to \$22.1 million resulting mainly from the weakening of RMB and MYR against SGD.

STATEMENT OF CASH FLOW REVIEW

\$20.9 million was provided by operating activities in 1H2017. The Group utilised \$2.0 million in the investing activities mainly for the purchase of plant & equipment and intangible assets. A total of \$10.4 million was used in the financing activities mainly for the repayment of bank borrowings. Cash and cash equivalents amounted to \$58.4 million as at 30 June 2017 compared to \$50.4 million reported as at 31 December 2016.

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

There is no forecast or prospect statement previously disclosed.

**YHI INTERNATIONAL LIMITED**

(Company Registration No. 200007455H)
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10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The overall business operating environment is expected to remain challenging in view of the macro-economic uncertainties that could potentially impact our businesses. We expect the prevailing low consumer confidence to continue to dampen consumer spending and demand for our products across our key markets in Asia Pacific.

As previously announced of our restructuring plan to consolidate Shanghai operations into Suzhou factory, as an update, the Group has moved majority of the production capacity to Suzhou and Malaysia factories. The remaining plant and equipment will be sold locally. With regards to the leasing plan of our Shanghai factory, the Group has successfully leased out the factory to an interested third party for a lease period of 10 years with rental income to start from 1st November 2017. The rental income is not expected to contribute materially in this financial year but is expected to contribute positively in subsequent financial years.

For our distribution business, our tyre business continues to face challenges in view of the prevailing overcapacity in the tyre industry. Nonetheless, the Group will continue to work on its 3^M business strategies to explore new sales channels and business opportunities in the wheels and industrial & automotive battery distribution business to mitigate the impact on the tyre distribution business.

The Group will continue to work on its 3^R reduction policy to reduce inventory, reduce account receivables and reduce operating costs to enhance operating efficiencies and remain competitive amid a tough economic environment.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect

No dividend has been recommended for the period ended 30 June 2017.

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

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



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

We, Tay Tian Hoe Richard and Tay Tiang Guan, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the three months ended 30 June 2017 to be false or misleading in any material aspect.

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

The Company confirmed that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable to Q1, Q2, & Q3 results.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable to Q1, Q2, & Q3 results.

18. A breakdown of sales

A breakdown of sales:-

Not applicable to Q1, Q2, & Q3 results.

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable to Q1, Q2, & Q3 results.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable to Q1, Q2, & Q3 results.

BY ORDER OF THE BOARD

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director
11/08/2017

Submitted by Tay Tian Hoe Richard, Executive Chairman and Group Managing Director on 11/08/2017 to the SGX.