



# YHI INTERNATIONAL LIMITED

Company Registration No. 200007455H

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## RESPONSE TO SGX QUERY

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The Board of Directors (the “**Board**”) of YHI International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 6 March 2018 regarding the Company’s results announcement for the financial year ended 31 December 2017 (the “**SGX Query**”) and wishes to provide the Company’s response to the SGX Query as follows:

### SGX Query

It is disclosed in paragraph 8 of the financial statement that the Group’s gross profit margin increased to 23.4% in FY2017 compared to 21.6% in FY2016 and this increase is mainly due to higher gross profit margin from both distribution and manufacturing business.

Please disclose the reasons for the increase in the gross profit margin for each of the distribution and manufacturing businesses in a SGXNet announcement to be released by 9 March 2018 (this Friday). In your announcement, please disclose our question and your corresponding answer to enable investors to understand the matter raised by the Exchange. If our query has been addressed previously, please contact us to clarify this.

### Company's Response

#### *Distribution 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.

#### *Manufacturing Business*

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.

By Order of the Board

Tay Tian Hoe Richard  
Executive Chairman and Group Managing Director

8 March 2018