



**YHI INTERNATIONAL LIMITED
AND ITS SUBSIDIARIES**

(Incorporated in Singapore. Registration Number: 200007455H)

**CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2022**

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**YHI INTERNATIONAL LIMITED
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CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

		The Group			
		6 months ended 30 June 2022	6 months ended 30 June 2021	Increase/ (Decrease)	
Note		\$'000	\$'000	%	
	Sales	4	226,520	227,201	(0.3%)
	Cost of sales		(174,770)	(172,085)	1.6%
	Gross profit		51,750	55,116	(6.1%)
	Other gains - net		8,637	3,390	154.8%
	Credit loss allowance on trade receivables		(647)	(837)	(22.7%)
	Expenses				
	- Distribution		(20,441)	(21,162)	(3.4%)
	- Administrative		(20,227)	(21,302)	(5.0%)
	- Finance		(1,605)	(1,266)	26.8%
	Share of profit of associated companies		1,881	2,019	(6.8%)
	Profit before income tax	5	19,348	15,958	21.2%
	Income tax expense	6	(3,112)	(3,910)	(20.4%)
	Net profit		16,236	12,048	34.8%
	Profit Attributable to:				
	Equity holders of the Company		15,701	11,490	36.6%
	Non-controlling interests		535	558	(4.1%)
			16,236	12,048	34.8%
	Earnings per share attributable to the equity holders of the Company				
	- Basic		5.41	3.96	36.6%
	- Diluted		5.41	3.96	36.6%

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

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

	The Group		
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	Increase/ (Decrease) %
Profit for the period	16,236	12,048	34.8%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	(5,532)	584	NM
Items that will not be reclassified subsequently to profit or loss			
- Currency translation differences	(146)	107	NM
Total comprehensive income for the period	10,558	12,739	(17.1%)
Total comprehensive income to:			
Equity holders of the Company	10,169	12,074	(15.8%)
Non-controlling interests	389	665	(41.5%)
	10,558	12,739	(17.1%)

NM – not meaningful

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

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CONDENSED INTERIM BALANCE SHEETS – GROUP AND COMPANY

Note	The Group		The Company	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
	69,470	84,854	4,630	6,430
	96,402	85,271	31,961	26,639
	117,666	128,929	-	-
	283,538	299,054	36,591	33,069
	-	2,736	-	-
	283,538	301,790	36,591	33,069
Non-current assets				
	65	65	-	-
	26,943	22,766	-	-
	-	-	102,207	102,207
	59,405	64,622	433	485
	31,988	33,498	-	-
	11,109	9,663	-	-
	2,606	2,751	-	-
	3,625	3,868	-	-
	135,741	137,233	102,640	102,692
Total assets	419,279	439,023	139,231	135,761
LIABILITIES				
Current liabilities				
	40,071	46,956	893	2,092
	1,750	1,961	-	-
	-	45	-	-
	48,618	58,711	-	-
	5,810	5,801	-	-
	96,249	113,474	893	2,092
Non-current liabilities				
	3,147	3,871	-	-
	24,073	25,172	-	-
	1,652	1,653	-	-
	388	542	-	-
	29,260	31,238	-	-
Total liabilities	125,509	144,712	893	2,092
NET ASSETS	293,770	294,311	138,338	133,669
EQUITY				
Capital and reserves attributable to equity holders of the Company				
	77,001	77,001	77,001	77,001
	(671)	(671)	(671)	(671)
	(1,697)	3,779	134	-
	211,371	206,180	61,874	57,339
	286,004	286,289	138,338	133,669
Non-controlling interests	7,766	8,022	-	-
Total equity	293,770	294,311	138,338	133,669

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

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

The Group

Note	← Attributable to equity holders of the Company →				Sub-total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained profits \$'000			
2022							
Balance as at 1 January 2022	77,001	(671)	3,779	206,180	286,289	8,022	294,311
Profit for the period	-	-	-	15,701	15,701	535	16,236
Other comprehensive loss for the period	-	-	(5,532)	-	(5,532)	(146)	(5,678)
Total comprehensive income for the period	-	-	(5,532)	15,701	10,169	389	10,558
Dividends relating to 2021 paid	-	-	-	(10,454)	(10,454)	(645)	(11,099)
Transfer from retained profits to other reserves	-	-	56	(56)	-	-	-
Balance as at 30 June 2022	77,001	(671)	(1,697)	211,371	286,004	7,766	293,770
2021							
Balance as at 1 January 2021	77,001	(671)	4,406	194,645	275,381	8,196	283,577
Profit for the period	-	-	-	11,490	11,490	558	12,048
Other comprehensive income for the period	-	-	584	-	584	107	691
Total comprehensive income for the period	-	-	584	11,490	12,074	665	12,739
Dividends relating to 2020 paid	-	-	-	(9,583)	(9,583)	(1,203)	(10,786)
Transfer from retained profits to other reserves	-	-	(51)	51	-	-	-
Balance as at 30 June 2021	77,001	(671)	4,939	196,603	277,872	7,658	285,530

The Company

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000
Balance at 1 January 2022	77,001	(671)	-	57,339	133,669
Total comprehensive income for the period	-	-	-	14,989	14,989
Employee share option scheme					
- Value of employee services	-	-	134	-	134
Dividends relating to 2021 paid	-	-	-	(10,454)	(10,454)
Balance at 30 June 2022	77,001	(671)	134	61,874	138,338
	Share capital S\$'000	Treasury shares S\$'000	Retained profits S\$'000	Total S\$'000	
Balance at 1 January 2021	77,001	(671)	56,859	133,189	
Total comprehensive income for the period	-	-	10,547	10,547	
Dividends relating to 2020 paid	-	-	(9,583)	(9,583)	
Balance at 30 June 2021	77,001	(671)	57,823	134,153	

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

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
Cash flows from operating activities			
Net profit		16,236	12,048
Adjustments for:			
- Income tax expense		3,112	3,910
- Depreciation of property, plant and equipment and investment property		3,674	3,920
- Depreciation of right-of-use assets		3,578	3,397
- Amortisation of intangible assets		158	245
- Loss on disposal of property, plant and equipment		1	18
- Gain on disposal of disposal group held for sale		(4,894)	-
- Loss on early termination of leases		9	-
- Interest expense		1,605	1,266
- Interest income		(93)	(165)
- Share of profit of an associated company		(1,881)	(2,019)
- Fair value loss on derivative financial instruments		-	(152)
- Unrealised currency translation differences		61	(88)
Operating cash flow before working capital changes		21,566	22,380
Changes in working capital			
- Inventories		8,115	(6,661)
- Trade and other receivables		(13,066)	(6,846)
- Trade and other payables		(6,070)	(5,834)
Cash generated from operations		10,545	3,039
Interest received		93	165
Income tax paid		(2,806)	(3,109)
Net cash provided by operating activities		7,832	95
Cash flows from investing activities			
Dividends received from an associated company		-	457
Proceeds from sale of property, plant and equipment		236	656
Proceeds from sale of disposal group held for sale	A	4,273	-
Purchase of property, plant and equipment		(1,346)	(1,832)
Purchase of intangible assets		(22)	(202)
Net cash provided/(used) in investing activities		3,141	(921)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(10,454)	(9,583)
Dividends paid to non-controlling interest		(645)	(1,203)
Interest paid		(1,605)	(1,266)
Proceeds from borrowings		3,194	10,589
Repayments of borrowings		(11,375)	(3,582)
Principal payment of lease liabilities		(3,287)	(3,136)
Net cash used in financing activities		(24,172)	(5,045)
Net decrease in cash and bank balances		(13,199)	(9,007)
Cash and bank balances at beginning of the financial year		83,642	84,512
Effects of currency translation on cash and bank balances		(973)	411
Cash and bank balances at end of the financial year		69,470	75,916

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

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2022	6 months ended 30 June 2021
	\$'000	\$'000
Consolidated cash and bank balances represented by		
Cash and bank balances	69,470	76,125
Less: Bank overdrafts	-	(209)
Cash and bank balances as per consolidated statement of cash flows	69,470	75,916

Note A – Sale of disposal group held for sale

During the six-month period ended 30 June 2022, the Group completed the disposal of 51% shareholdings in Yokohama Tyre Sales Malaysia Sdn Bhd (“YTSM”) to The Yokohama Rubber Co Ltd, as well as the identified inventory, equipment, contracts and books relating to the extant trading of Yokohama products in Malaysia. While this constituted a sale of controlling rights, the Group still retains significant influence over YTSM and the 49% interest held in YTSM was equity accounted for as an associated company.

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

	Group 6 months ended 30 June 2022 \$'000
Carrying amounts of assets and liabilities disposed of:	
Cash and cash equivalents	675
Property, plant and equipment	89
Inventories	2,142
Goodwill	505
Total assets	3,411
Trade and other payables	1
Total liabilities	1
Net assets disposed of	3,410
	Group 6 months ended 30 June 2022 \$'000
Net assets disposed of (as above)	3,410
Gain on disposal of disposal group held for sale	4,894
Amount accounted for as associated company	(3,356)
Sale consideration from disposal	4,948
Less: Cash and cash equivalents in a subsidiary disposed of	(675)
Net cash inflow on disposal	4,273

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

YHI International Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. These interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of an investment holding company.

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

2. Basis of preparation

The interim financial statements for the six months ended 30 June 2022 have been prepared in accordance SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

2.1 New and amended standards adopted by the Group

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

Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

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

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

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

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

2.2 Critical accounting estimates, assumptions and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

3. Seasonal operations

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information

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

Management manages and monitors three operating segments as follows:

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

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

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

The segment information provided to senior management for the period-ended 30 June 2021 is as follows:

Segment Group	← Manufacturing segment →			← Distribution segment →					Rental segment	Total
	North			North		Oceania	Others	Sub-total	North	
	East Asia	ASEAN	Sub-total	East Asia	ASEAN				East Asia	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Sales										
Total segment sales	45,071	29,164	74,235	14,552	71,920	69,001	9,949	165,422	-	239,657
Inter-segment sales	(7,109)	(5,347)	(12,456)	-	-	-	-	-	-	(12,456)
Sales to external parties	37,962	23,817	61,779	14,552	71,920	69,001	9,949	165,422	-	227,201
Segment result	498	1,433	1,931	1,329	4,844	2,936	1,187	10,296	1,235	13,462
Other gains										1,743
Unallocated costs										-
										15,205
Finance expenses										(1,266)
Share of profit of an associated company	-	2,019	2,019	-	-	-	-	-	-	2,019
Profit before income tax										15,958
Income tax expense										(3,910)
Net profit										12,048
Segment assets	74,339	73,728	148,067	19,234	127,843	87,052	9,936	244,065	10,958	403,090
Segment assets includes:										
Investment in an associated company	-	24,184	24,184	-	-	-	-	-	-	24,184
Additions/(disposals) to:										
- Property, plant and equipment	94	150	244	41	274	1,273	-	1,588	-	1,832
- Intangible assets	-	-	-	-	-	-	202	202	-	202
- Right-of-use assets	(159)	-	(159)	209	(121)	5,995	203	6,286	-	6,127
Investment property	-	-	-	-	-	-	-	-	9,697	9,697
Segment liabilities	(10,207)	(3,995)	(14,202)	(2,801)	(16,043)	(31,081)	(2,571)	(52,496)	(905)	(67,603)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

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

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

(a) Reconciliations

(i) Segment assets

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

Segment assets are reconciled to total assets as follows:

	Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Segment assets	413,663	403,090
Unallocated:		
Deferred income tax assets	3,625	4,320
Short-term bank deposits	1,926	5,382
Transferable club membership	65	65
	419,279	412,857

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

(a) Reconciliations (continued)

(ii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Segment liabilities	70,342	67,603
Unallocated:		
Income tax liabilities	1,750	2,341
Deferred income tax liabilities	1,652	1,445
Borrowings	51,765	55,014
Derivative financial instruments	-	925
	125,509	127,328

(b) Revenue from major products and services

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

	Group	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
Distribution of automotive and industrial products	159,105	165,422
Manufacturing of alloy wheels	67,415	61,779
	226,520	227,201

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information (continued)

(c) Geographical information

The Group operates in the following geographic areas:

	Group			
	Sales *		Non-current assets	
	6 months ended 30 June 2022	6 months ended 30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Singapore	36,270	34,954	49,902	52,196
Malaysia	42,103	46,337	28,584	25,045
China/Hong Kong	33,832	40,566	26,749	29,385
Taiwan	12,292	11,948	2,808	3,439
Australia	44,114	42,292	13,644	15,699
New Zealand	28,403	26,709	7,807	7,627
Other countries	29,506	24,395	2,557	3,111
	226,520	227,201	132,051	136,502

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

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

5. Profit before taxation

5.1 Significant items

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	\$'000	\$'000
Interest income	93	165
Rental income	2,884	2,166
Interest on borrowings	(940)	(728)
Lease interest	(665)	(538)
Depreciation of property, plant and equipment and investment property	(3,674)	(3,920)
Depreciation of right-of-use assets	(3,578)	(3,397)
Amortisation of intangible assets	(158)	(245)
Credit loss allowance on trade receivables	(647)	(837)
Write-down of inventories	(1,118)	(1,119)
Currency exchange gain - net	1,797	343
Share of profit of associated companies	1,881	2,019
Loss on disposal of property, plant and equipment	(1)	(18)
Gain on disposal of disposal group held for sale	4,894	-

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5.2 Related party transactions

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

Sales and purchases of goods and services

	Group	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
Sales of goods to associated companies	6,358	4,010
Purchases of goods from associated companies	(153)	(310)
Rental income from associated company	147	-

Outstanding balances as at 30 June 2022, arising from sale/purchase of goods to/from associated companies, are unsecured, receivable/payable within 6 months from balance sheet date.

6. Income tax

	Group	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	628	494
- Foreign	2,173	3,033
	2,801	3,527
Deferred income tax	247	416
	3,048	3,943
Under/(Over) provision in previous financial years		
- Current income tax	25	(11)
- Deferred income tax	39	(22)
	3,112	3,910

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

7. Dividends

	Company	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
<i>Ordinary dividends paid or proposed</i>		
Final exempt dividend paid in respect of the previous financial year of 3.60 cent (2021: 3.30 cent) per share	10,454	9,583

8. Net asset value per share

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value per ordinary share	98.49 cents	98.58 cents	47.64 cents	46.03 cents
Number of shares used in calculating net asset value per share	290,399,811	290,399,811	290,399,811	290,399,811

9. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$1,346,000 (30 June 2021: \$1,832,000) and disposed of assets amounting to \$237,000 (30 June 2021: \$674,000).

10. Derivative financial instruments

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10. Derivative financial instruments (continued)

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

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

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

	<u>Level 2</u> \$'000
<u>Group</u>	
As at 30 June 2022	
Derivative financial instruments	
- Asset	-
- Liability	-
	-
As at 31 December 2021	
Derivative financial instruments	
- Asset	-
- Liability	45
	45

11. Borrowings

	Group	
	30 June 2022 \$'000	31 December 2021 \$'000
<u>Amount repayable within one year or in demand</u>		
Secured	48,618	58,711
<u>Amount repayable after one year</u>		
Secured	3,147	3,871
Total borrowings	51,765	62,582

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11. Borrowings (continued)

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\$4.4 million (2021: S\$4.4 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.

12. Share capital and treasury shares

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

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

There was no change in the Company's number of shares since 31 December 2021. The share capital of the Company as at 30 June 2022 was 292,295,811 ordinary shares.

The 1,896,000 treasury shares held by the Company represented 0.65% of the total number of issued shares (excluding treasury shares) as at 30 June 2022 (30 June 2021: 1,896,000). There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2022.

There were no outstanding convertibles issued by the Company as at 30 June 2022.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. Share capital and treasury shares (continued)

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

	Company	
	30 June 2022	31 December 2021
Total numbers of issued shares	292,295,811	292,295,811
Less: Treasury shares	(1,896,000)	(1,896,000)
Total number of issued shares excluding treasury shares	290,399,811	290,399,811

During the month of January 2022, the Company granted an aggregate of 2,250,000 Incentive Options to eligible participants of the 2021 YHI Share Option Scheme which will entitle them to subscribe for a total number of 2,250,000 ordinary shares in the share capital of the Company subsequent to acceptance by all eligible participants. 50,000 Incentive Options were forfeited in 1H2022 and the remaining 2,200,000 Incentive Options will expire on, inter alia, the tenth anniversary of the Offering Date. The outstanding share options represents approximately 0.75% of the Company's total number of issued shares as at 30 June 2022 based on the enlarged issued share capital of 292,599,811 (excluding 1,896,000 treasury shares).

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

	← No. of ordinary shares under option →				End of period	Exercise price	Exercise period
	Beginning of period	Granted during the period	Forfeited during the period	Exercised during the period			
<u>Group and Company</u> 30 June 2022							
2021 Options	-	2,250,000	(50,000)	-	2,200,000	\$0.39	24.12.2023 – 23.12.2031

OTHER INFORMATION REQUIRED BY LISTING RULE
APPENDIX 7.2

OTHER INFORMATION

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

The condensed consolidated balance sheet of YHI International Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated income statement and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS (1H2022 VS 1H2021)

Turnover

The Group reported a 0.3% (or \$0.7 million) decrease in turnover to \$226.5 million (1H2022) from \$227.2 million (1H2021) mainly due to lower sales recorded in 1H2022 from our distribution business.

Distribution business, accounting for 70.2% of the Group's total turnover, recorded a decrease of 3.8% (or \$6.3 million) in turnover, from \$165.4 million (1H2021) to \$159.1 million (1H2022) mainly due to lower sales from our tyre business in Malaysia and China cushioned by higher sales from our wheels and energy distribution businesses. Our wheel manufacturing business, accounting for 29.8% of the Group's total turnover, recorded an increase of 9.1% (or \$5.6 million) in turnover from \$61.8 million (1H2021) to \$67.4 million (1H2022), contributed mainly by our Malaysia and Taiwan factories.

Gross Profit

Gross Profit decreased by 6.1% (or \$3.3 million) to \$51.8 million (1H2022) from \$55.1 million (1H2021) mainly due to lower sales and gross profit margins from our tyre distribution business. Gross profit margin decreased to 22.9% in 1H2022 compared to 24.3% in 1H2021 mainly due to lower gross profit margin contributed by both our distribution and manufacturing business.

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REVIEW OF SIX-MONTH YEAR-TO-DATE FINANCIAL RESULTS (1H2022 VS 1H2021) (continued)

Other gains

Other gains increased by 154.8% (or \$5.2 million) to \$8.6 million (1H2022) from \$3.4 million (1H2021) mainly due to gain of about \$4.9 million on disposal of 51% shareholdings in YTSM and the fair value gain on the 49% interest retained by the Group.

Operating Expenses

Distribution expenses decreased by 3.4% (or \$0.6 million) in 1H2022 to \$20.4 million compared to \$21.2 million in 1H2021 mainly due to lower sales & advertising promotion expenses.

Administrative expenses decreased by 5.0% (or \$1.1 million) in 1H2022 to \$20.2 million compared to \$21.3 million in 1H2021 mainly lowered by foreign exchange gain in 1H2022 as compared to 1H2021.

Financing costs increased by 26.8% (or \$0.3 million) in 1H2022 to \$1.6 million compared to \$1.3 million in 1H2021 mainly due to higher loan interest.

Share of Profit of Associated Companies

Our share of profit from associated companies decreased by 6.8% (or \$0.1 million) to \$1.9 million in 1H2022 as compared to \$2.0 million in 1H2021 mainly due to lower profit reported by OZ SpA cushioned by contribution from YTSM upon completion of the disposal of 51% shareholdings in YTSM.

Income Tax expense

Income tax expense decreased by 20.4% (or \$0.8 million) in 1H2022 to \$3.1 million from \$3.9 million in 1H2021. The one-off gain on disposal of 51% shareholdings in YTSM is an exempt income and the capital gain is not subject to income tax. Withholding tax and deferred tax are also lower in 1H2022 compared to 1H2021.

Net Profit after Tax and Non-controlling Interests

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 36.6% (or \$4.2 million) to \$15.7 million in 1H2022 from \$11.5 million in 1H2021 mainly due to one-off gain of about \$4.9 million on disposal of 51% shareholdings in YTSM.

BALANCE SHEET REVIEW

As at 30 June 2022, total assets amounted to about \$419.3 million comprising \$283.5 million of current assets and \$135.8 million of non-current assets. Total liabilities amounted to about \$125.5 million comprising current liabilities of \$96.2 million and non-current liabilities of \$29.3 million. Shareholders' equity including non-controlling interests amounted to \$293.8 million.

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BALANCE SHEET REVIEW (continued)

The substantial changes in the balance sheet compared to 31 December 2021 are as follows:

Trade and other receivables

Trade and other receivables increased from \$85.3 million to \$96.4 million mainly due to higher sales and prepayment in 1H2022.

Inventories

Inventories decreased from \$128.9 million to \$117.7 million mainly due to better inventory management.

Disposal group held for sale

Disposal group held for sale decreased from \$2.7 million to Nil mainly due to disposal of 51% shareholdings in YTSM.

Investment in associated companies

Investment in associated companies increased from \$22.7 million to \$26.9 million mainly due to reclassification of YTSM as an associated company after disposal of 51% shareholdings in YTSM.

Investment property

Investment property increased from \$9.7 million to \$11.1 million as freehold properties owned by our Malaysia subsidiary are now tenanted to our associated company, YTSM in 1H2022.

Trade and other payables

Trade and other payables decreased from \$47.0 million to \$40.1 million mainly due to payments to suppliers.

Current income tax liabilities

Income tax liabilities decreased from \$2.0 million to \$1.8 million mainly due to income tax paid in 1H2022.

Borrowings (current & non-current)

Borrowings decreased from \$62.6 million to \$51.8 million due to repayment of bank borrowings in 1H2022.

Other reserves

Other reserves, consist of foreign currency translation loss on overseas investments, decreased from \$3.8 million to negative \$1.7 million mainly due to weakening of EUR, RMB, AUD and MYR against SGD.

STATEMENT OF CASHFLOW REVIEW

Operating activities generated \$7.8 million in 1H2022. Investing activities generated \$3.1 million mainly from the sale of 51% shareholdings in YTSM (disposal group held for sale). A total of \$24.2 million was utilised in financing activities mainly for dividend payment, repayment of borrowings and lease liabilities. Cash and cash equivalents amounted to \$69.5 million as at 30 June 2022 compared to \$84.9 million reported as at 31 December 2021.

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

There is no forecast or prospect statement previously disclosed.

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

Covid-19 continued to impact the Group's businesses in the first half of FY2022 specifically in our Hong Kong and China market. Although a number of countries are moving towards endemic living with Covid-19, the virus remains a risk to the global economy as it is unclear if more dangerous mutations will emerge in the coming months.

The ongoing Russia-Ukraine conflict and surging energy prices are expected to impact our manufacturing business in the second half of the year particularly at our Malaysia factory where it exports over 80% of the wheels to Europe market.

The global shortage of shipping containers and high ocean freight charges situation has somewhat eased recently but the challenges are expected to continue in the second half of the year.

Despite these uncertainties and challenges, the Group will continue to take appropriate measures when necessary to navigate through this difficult time and mitigate the impact on our businesses.

The Group is confident that its businesses have the right strategic focus and entrenched market positions to stay ahead of competition to seize revenue and growth opportunities as they arise.

The Group will continue to strengthen its business operations, improve efficiency & productivity, source for new products & business opportunities and explore new sales channels to grow our businesses across various market segments regionally.

OTHER INFORMATION

5. Dividend information

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been recommended for the period ended 30 June 2022 as the company generally recommends dividend at the end of the financial year.

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

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

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

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

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

We, Tay Tian Hoe Richard and Tay Tiang Guan, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

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On behalf of the Board of Directors

Tay Tian Hoe Richard
Executive Chairman and Group
Managing Director

Tay Tiang Guan
Director

Singapore
12 August 2022