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

DRIVING GROWTH, ENHANCING RESILIENCE

ANNUAL REPORT 2020

DRIVING GROWTH, ENHANCING RESILIENCE

Like many organisations around the world, YHI International had to contend with the impact of the Covid-19 pandemic. Faced with market volatility, we strived to mitigate the unprecedented challenges by harnessing our rock-solid fundamentals, focusing on our 3R cost containment strategy to enhance our resilience and gearing up to drive forward as market conditions improve.

OUR MISSION

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

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

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

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

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CORPORATE PROFILE

YHI's international presence spans across over 100 countries through its 32 subsidiaries and 2 associated companies located across Asia Pacific, North America and Europe. YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, energy solutions, buggy & utilities vehicles and other industrial products to more than 5,000 customers globally.

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

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

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".

Today, YHI's international presence spans across over 100 countries through its 32 subsidiaries and 2 associated companies located across Asia Pacific, North America and Europe. YHI distributes a diverse range of premium automotive products, which includes tyres, alloy wheels, energy solutions, buggy & utilities vehicles and other industrial products to more than 5,000 customers globally.

YHI currently has three alloy wheels manufacturing plants located in Suzhou in China, Taoyuan in Taiwan and Malacca in Malaysia, with a current total production capacity of 2.6 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	ITALY	JAPAN	JAPAN
THAILAND	THAILAND	TAIWAN	KOREA	KOREA
INDONESIA	INDONESIA	INDONESIA	USA	USA
USA	SINGAPORE	INDIA	INDIA	CHINA
CHINA	CHINA	CHINA	CHINA	CHINA

ALLOY WHEELS

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

SINGAPORE	JAPAN	USA	ITALY	ITALY
GERMANY	USA			

OUR PRODUCTS

BUGGY & UTILITY VEHICLES

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

ENERGY SOLUTIONS

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

SINGAPORE

USA

CHINA

TAIWAN

INDIA

KOREA

ITALY

PHILIPPINES

USA

USA

JAPAN

CHINA

CHINA

OTHER INDUSTRIAL PRODUCTS

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

SINGAPORE

TAIWAN

FRANCE

GERMANY

GERMANY

CANADA

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 expended 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 Manufacturig (Suzhou) Co., Ltd located in Suzhou, China and YHI Manufacturing (Malaysia) Sdn Bhd located in Sepang, Malaysia – in 2006.

In 2011, the Malacca plant was added to become the fifth production site for the alloy wheel manufacturing, with 0.6 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, Enkei Corporation has put the Group at the forefront of alloy wheels manufacturing. Our Most Advanced Technology (MAT) is an innovative casting and wheel forming technology that is critical in improving the alloy wheel's material property and strength.

YHI MANUFACTURING (MALAYSIA) SDN BHD YHI ADVANTI MANUFACTURING (MALAYSIA) SDN BHD
MALACCA, MALAYSIA
Products: Alloy Wheels
Land area: 88,000 m^2
Year of Production: 2006
Annual production capacity: 1.2 million

YHI INTERNATIONAL TAIWAN CO., LTD
TAOYUAN, TAIWAN
Products: Alloy Wheels
Land area: 13,500 m^2
Year of Production: 1996
Annual production capacity: 0.2 million

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 resource for tapping future growth opportunities.

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

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

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

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

OUR QUALITY CERTIFICATES

YHI ADVANTI MANUFACTURING (SUZHOU) CO., LTD

SUZHOU, CHINA

Products: Alloy Wheels & Precision Moulding Sets

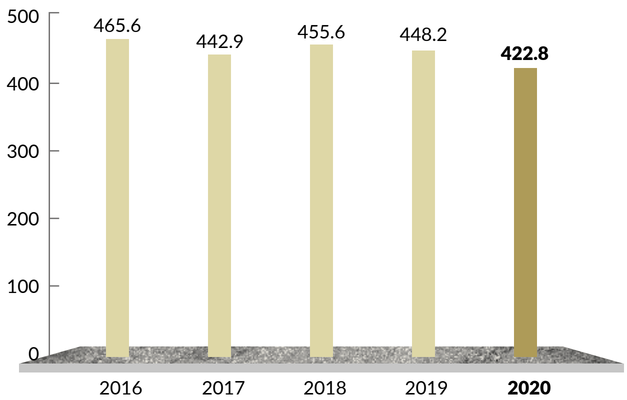
Land area: 75,600 m^2

Year of Production: 2006

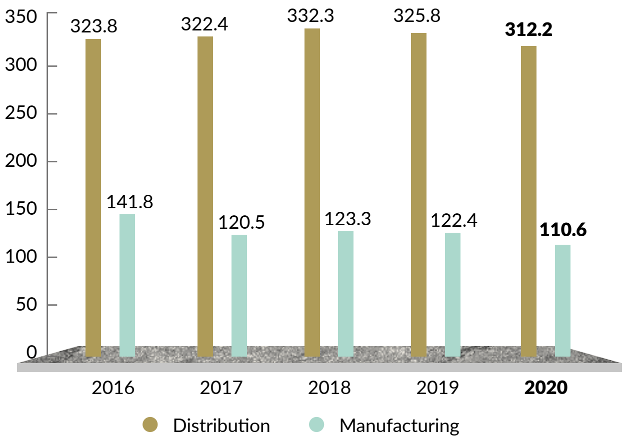
Annual production capacity: 1.2 million + 850 set mould

FIVE-YEAR FINANCIAL HIGHLIGHTS

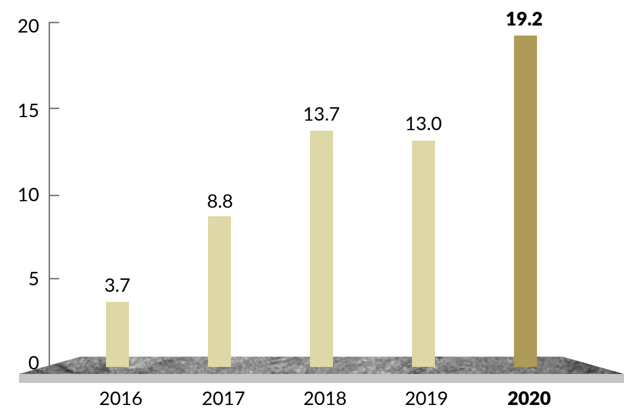
GROUP REVENUE
(S$ 'million)



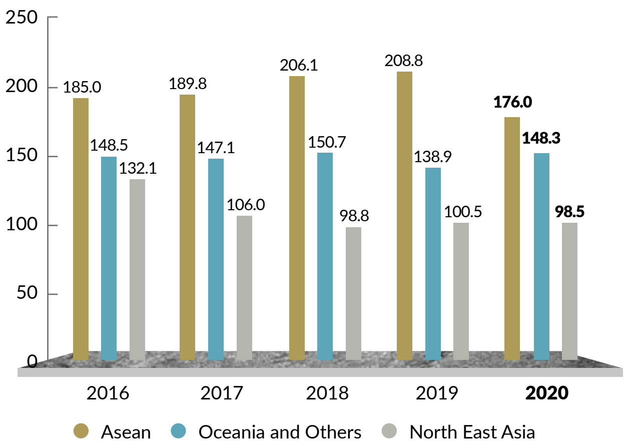
REVENUE BY BUSINESS SEGMENTS
(S$ 'million)



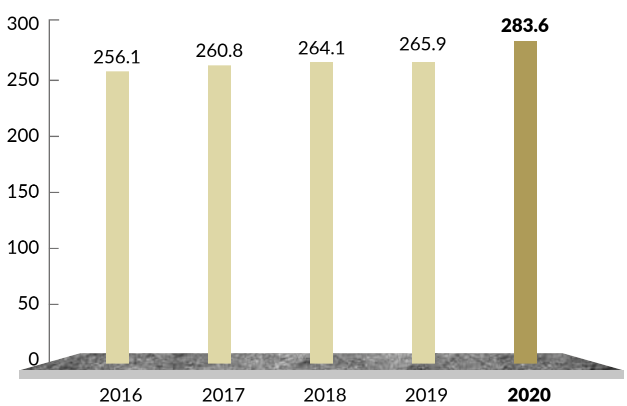
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(S$ 'million)



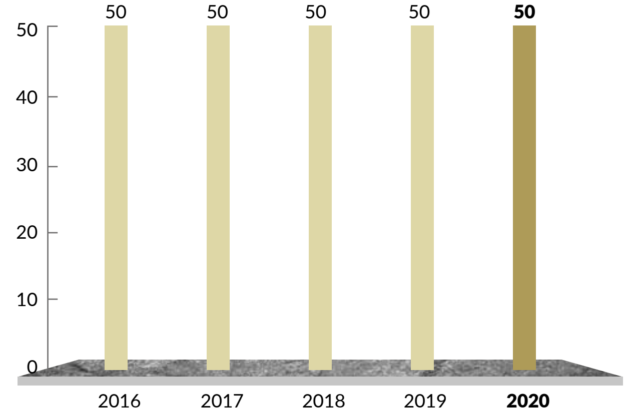
REVENUE BY GEOGRAPHY
(S$ 'million)



NET ASSETS
(S$ 'million)



DIVIDEND PAYOUT
(%)



FIVE-YEAR FINANCIAL SUMMARY

RESULTS OF OPERATIONS

FINANCIAL YEAR ENDED 31 DECEMBER	FY2020 S$ '000	FY2019 S$ '000	FY2018 S$ '000	FY2017 S$ '000	FY2016 S$ '000
Sales	**422,795**	448,207	455,593	442,878	465,569
Gross Profit %	**24.0**	21.4	21.4	23.2	21.6
Profit before income tax	**25,317**	16,221	18,019	15,192	8,355
Net profit attributable to equity holders of the Company	**19,155**	12,956	13,725	8,751	3,694
Net Profit %	**4.6**	2.8	3.1	2.1	1.0
EBITDA	**44,514**	38,074	32,209	30,808	26,046

FINANCIAL POSITION

AS AT 31 DECEMBER	FY2020 S$ '000	FY2019 S$ '000	FY2018 S$ '000	FY2017 S$ '000	FY2016 S$ '000
Current assets	**267,102**	259,694	272,009	267,057	272,545
Non-current assets	**138,021**	138,878	121,959	120,417	129,864
Total assets	**405,123**	398,572	393,968	387,474	402,409
Current liabilities	**94,242**	108,276	119,498	109,046	122,112
Non-current liabilities	**27,304**	24,433	10,351	17,621	24,228
Total liabilities	**121,546**	132,709	129,849	126,667	146,340
Net assets	**283,577**	265,863	264,119	260,807	256,069
Capital and reserves attributable to equity holders of the Company	**275,381**	255,825	252,940	248,175	242,512
Non-controlling interests	**8,196**	10,038	11,179	12,632	13,557
Total equity	**283,577**	265,863	264,119	260,807	256,069

FINANCIAL INDICATORS

	FY2020	FY2019	FY2018	FY2017	FY2016
Return on shareholders equity (%)	**7.0**	5.1	5.4	3.5	1.5
Earnings per share (cents)*	**6.57**	4.43	4.70	2.99	1.26
Net asset value per share (cents)*	**94.83**	87.52	86.54	84.91	82.97
Dividend per share (cents)*	**3.30**	2.22	2.35	1.50	0.64
Cash and bank balances (S$ '000)	**84,620**	56,392	51,102	54,360	51,470
Net debt to equity ratio (%)	**NM**	15.0	12.8	12.5	19.3

* Post-consolidation of shares

THINKING LONG-TERM

In the face of market volatility, we believe in keeping our eyes on the big picture—thinking long-term and planning for sustainable growth. By continuing to stay vigilant, seek new markets and step up efforts to expand our customer base, we aim to sharpen our competitive edge.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

UNPRECEDENTED CHALLENGES

The world faced a crisis of a generation in 2020. The COVID-19 pandemic had upended lives and devastated businesses across the world in a scale that had no precedent. The global economy which was already weighed down by geopolitical tensions and trade wars was further exacerbated as COVID-19 crippled economic activities across the world. The International Monetary Fund (IMF) in its World Economic Outlook Update[1] in January 2021 estimated that the global economy contracted by 3.5% in 2020. In the same vein, the Singapore economy contracted 5.4%[2].

In last year's annual report, I informed that the measures to contain the pandemic in various countries had impacted our global businesses. Our manufacturing operations, in particular, were impacted to varying degrees by different 'lockdown' requirements in locations where we operate. Our Suzhou plant was the first to be impacted as local government regulations delayed resumption of operations after the Chinese New Year holidays and restricted our workers from returning to the city from their homes. Since then, the situation worsened. The COVID-19 virus had spread to every continent. As a global company, with 32 subsidiaries and 2 associated companies spanning over 100 countries, distributing a diverse range of premium automotive products worldwide, our operations were very vulnerable to disruptions in global markets and international supply chains.

The challenges we faced in FY2020 were indeed unprecedented.

RESILIENCE IN ADVERSITY

We have had no prior experience dealing with pandemics. Nevertheless, we moved swiftly and decisively to implement our business continuity plans to mitigate the impact on our businesses and to protect the health and safety of our staff. Following guidelines of the governments of the respective jurisdictions where we operate, we established policies, protocols and procedures to ensure that our operations could continue with as little disruptions as possible in a safe and healthy environment. A crisis management committee was set up at the Singapore head office to coordinate our response efforts with all our regional offices.

CHAIRMAN'S MESSAGE

At the early stage of the pandemic, based on available information that we had, we realised that the COVID-19 impact would be protracted. We focused on strengthening our resilience, anticipating a drawn-out crisis. Fortunately, we have in place a "3R" strategy of reducing stock-holding, accounts receivables and operating costs. Our efforts to implement this strategy over the years have paid off in the form of greater resilience in times of challenging business environment and uncertainty. This "3R" culture has facilitated the smooth implementation of other cost containment measures to protect our resources and to ensure business sustainability, including a freeze on all capital expenditure, non-essential business expenses and recruitment. Some of our staff were put on a shorter work week with the accompanying wage adjustments.

We adjusted our operations processes to meet the requirements of local authorities to contain the spread of the disease. Ultimately, we were aware that the effectiveness of our measures depended on the support of our most important asset – our human resources. Thus, from the start, staff engagement was one of our top priorities. We provided information on COVID-19 and its impact on our operations.

Through frank and sincere discussions, we were able to gain their understanding and support to work together as one family, sharing sacrifices and hardships to enhance our resilience and confidence to overcome the challenges.

A POSITIVE FINANCIAL PERFORMANCE

I am happy to inform that thanks to the decisive pandemic measures implemented by the Group, the culture of sacrifice and esprit de corps manifested by management and staff working together in unity, the Group was able to deliver a positive performance for FY2020.

Group revenue for the financial year ended 31 December 2020 ("FY2020") came in at S$422.8 million, down 5.7% from S$448.2 million recorded in the year before. The decline in total revenue could be attributed to lower sales volumes in both the distribution and manufacturing businesses. On the other hand, gross profit grew 5.6% from S$96.0 million in FY2019 to S$101.4 million in FY2020, on the back of higher gross profit margins achieved by both distribution and manufacturing businesses. Our tyre and wheel business benefited from firmer selling prices caused by supply constraints and increase in demand in certain markets resulting in significantly improved trading margins.

The Group's net profit attributable to equity holders of the company for FY2020, surged to S$19.2 million, an increase of 47.8% from S$13.0 million recorded the year before, reflecting the higher gross profits. In particular, the improvement in tyre business which accounted for more than 50% of the distribution business, contributed significantly to the Group's bottom line in FY2020. The stronger net profit was also supported partly by lower operational expenses, government grants for COVID-19 and improved performance by one of our Australian subsidiaries.

The distribution business which accounted for 73.8% of the Group's total turnover registered lower sales revenue of S$312.2 million for FY2020, down 4.2% compared to S$325.8 million in FY2019. The weaker sales were due to lower turnover for tyre and wheel divisions, attributed mainly to lack of sales for about two months caused by lockdowns such as circuit breaker and movement control measures initiated by governments of the countries where we operate. On the other hand, the performance of the energy solution and industrial products divisions improved. The improved performance of our battery business was driven by increase in demand for and decrease in supply of batteries caused by COVID-19 disruptions resulting in higher prices. In addition, increase in demand for uninterrupted power supply by data centres and essential service providers had also driven better performance for our industrial products business.

CHAIRMAN'S MESSAGE

The wheel manufacturing business recorded 9.6% lower sales revenue, from S$122.4 million in FY2019 to S$110.6 million in FY2020. The lower turnover was attributed to production disruptions caused by pandemic containment measures such as movement restrictions and lockdowns initiated by governments of the regions where our manufacturing operations were located. However, this business which represented 26.2% of the Group's total turnover, was able to make a higher contribution to net profit in FY2020 than previous years because of the improved gross profit margins. The Group's geographically diversified manufacturing operations in China, Malaysia and Taiwan contributed to the resilience of our manufacturing business, enhancing our agility to respond to the changing operating landscape, capitalising on opportunities to optimise our production output and maximise value creation.

A STRONGER FOOTING

The Group came through FY2020 on a stronger financial footing. Total assets as at 31 December 2020 amounted to S$405.1 million, up 1.6% year-on-year. Net assets attributed to shareholders reached $275.4 million, a 7.6% increase compared to S$255.8 million in the previous corresponding period. Net asset value per ordinary share as at 31 December 2020 was 94.83 cents, up 8.4% on year.

In line with higher profit margins, the Group was able to generate positive cash flows from its operating activities amounting to S$71.8 million. This was more than sufficient to cover cash used in investing and financial activities during the year. Overall, the Group was able to increase its cash and cash equivalents by S$28.6 million, bringing total cash and bank balances to S$84.5 million as at 31 December 2020. The Group's gross gearing ratio was at a manageable 26.8% as at 31 December 2020.

DELIVERING VALUE TO SHAREHOLDERS

The Group believes in sharing the fruits of its labour with shareholders. In order to demonstrate our appreciation for the support of our shareholders and our commitment to deliver value to them, the Board is recommending a first and final tax-exempt cash dividend of 3.3 cents per ordinary share for FY2020, subject to approval of shareholders at the forthcoming Annual General Meeting. This represents a dividend yield of 6.9% based on the closing share price of S$0.48 as at the last practicable date before the printing of this report. The total dividend payout amounts to 50 % of our net profit.

BUILDING ON OUR RESILIENT PERFORMANCE

FY2020 was a resilient year for the Group. We will build on our resilient performance. There is room for improvement. We have learnt many valuable lessons from the pandemic. Our efforts and experience in managing the challenges have deepened our resilience. Our people, having made great sacrifices and working together as one family, have gained greater self-confidence for a post-COVID-19 future.

The foundation of the Group has been strengthened. We have not only survived the pandemic but we have placed the Group on a stronger position to drive the next phase of growth.

We have improved our processes and procedures in response to the pandemic, resulting in our operations becoming more efficient and productive. Our global network is more integrated and our businesses across the world are operating more seamlessly across borders.

The pandemic has also highlighted the important role of innovation and technology in our efforts to stay ahead of the competition. Operating under the various COVID-19 movement control and containment regulations and disrupted supply chains, we have to be innovative to maintain our manufacturing operations at optimal levels to ensure that we could deliver quality products in a timely manner to meet the demands of our customers. Through our innovative efforts driven by adoption of advanced production technology, we were able to secure new customers and expand our customer base in the worst crisis that we have faced. The reputation of YHI International in the regional automotive markets has been strengthened by our performance in the pandemic year, giving us an advantage in the competition.

Nevertheless, uncertainties and risks remain in the operating environment. For one, we face supply chain challenges. The global shortage of shipping containers,

CHAIRMAN'S MESSAGE

vessel capacity constraints and congested seaports since the beginning of FY2021 have not only resulted in higher freight rates but have also affected the export of our wheels, tyres and batteries to our global markets. Thus, we have to continue to be vigilant and nimble to navigate the ongoing challenges. However, with greater confidence gained from our experience in battling the pandemic in FY2020 and a healthy Balance Sheet, we believe we have the wherewithal to weather the uncertainties ahead.

GOING FORWARD

The post-COVID-19 future is unpredictable. According to the IMF[1], the strength of the global recovery is projected to vary significantly across countries, depending on access to medical interventions and effectiveness of policy support, among other factors. The World Bank[3] reported that economic activity in East Asia and Pacific is expected to remain below pre-pandemic level by late 2021, reflecting lasting damage from the COVID-19 shock.

In FY2021, we will monitor closely the development of COVID-19 and its variants. We will continue to ramp up capacity utilisation rates of our production facilities in safe and secure ways. The pandemic has highlighted the concentration risks in sourcing for raw materials. High on our priorities for 2021 would be to diversify our sources of raw materials beyond China and enhance the resilience of our supply chains.

Our "3M" - multi-product, multi-brand and multi-category - marketing strategy has served us well in growing our distribution business in international markets. We will continue to enhance this strategy and strengthen our global customer network, build new alliances and source for new product brands. Building on the success in new customer acquisition in FY2020, we will continue to build new relationships and grow our market share across all our product categories. Additionally, we will increase our efforts to source for new product brands and categories to strengthen our portfolio offering and cross selling multiple products to customers.

Ironically, while the pandemic has disrupted our operations, it has also created many growth opportunities for us. The changes in the demand-supply trends that were already evolving in the automotive industry were accelerated by the pandemic. Some suppliers have exited the industry leaving gaps which we can and have exploited, enabling the Group to grow our market share in key markets. Our geographically diversified manufacturing operations have enabled us to leverage the competitive strengths of the respective locations to cater to the various quality, price and scale requirements in different segments of the automotive aftermarket. We plan to expand capacity of our Malacca plant for production of high-quality and cost-effective products, while in Suzhou we will deepen our innovative expertise to produce high value-added and best-in-class products supported by superior service quality to increase our market share for premium products.

Building on our achievements in 2020, we will continue to strengthen our foundation and seize growth opportunities to develop into a diversified industrial multi-national company.

ACKNOWLEDGEMENTS

Many people have contributed to the Group's improved performance in FY2020 in spite of the COVID-19 challenges. I would like to thank the Board of Directors for their guidance and insights to steer the Group through the difficult year filled with uncertainties. In turn, on behalf of the Board, I would like to express our appreciation to our partners and customers for their support and cooperation in working together through the disruptions. I would also like to thank shareholders for their trust and confidence in our ability to overcome the challenges. Last but not least, I would like to personally thank all management and staff for their sacrifices, dedication and hard work during the year as we worked as one family to navigate the unprecedented challenges to emerge stronger in FY2021.

RICHARD TAY
Executive Chairman & Group Managing Director

Reference:
1 World Economic Outlook Update, January 2021, International Monetary Fund
2 "MTI Maintains 2021 GDP Growth Forecast at "4.0 to 6.0 Per Cent", Ministry of Trade And Industry Singapore, Press Release, 15 February 2021
3 "Global Economic Prospects: East Asia and Pacific, January 2021", The World Bank

董事长献词

各位亲爱的股东

史无前例的挑战

2020年，世界饱受新一代危机。全球新冠病毒肺炎疫情的大爆发以前所未有的规模掠夺了人们的生命，摧毁了企业，使得原本已经处在地缘政治紧张局势和贸易战重压下的全球经济进一步恶化。国际货币基金组织（IMF）在2021年1月发布的《世界经济展望更新录》（见参考[1]）中做出评估，2020年全球经济萎缩了3.5%。同样，新加坡经济收缩了5.4%（见参考[2]）。

在去年的年度报告中，我有提到，各国遏制新冠疫情的措施影响了我们集团在全球的业务。尤其是我们的制造业务，由于当地颁布了各种封锁和隔离政策，我们的工厂都受到了不同程度的影响。我们的苏州工厂是第一个受到影响的工厂，当地政府的法规推迟了春节假期后复工的时间，并限制工人从老家返回城市工作。自那时起，情况恶化了。新冠病毒肺炎疫情已经蔓延到每个大陆。作为一家在世界 100 多个国家/地区拥有 32 家子公司和 2 家关联公司，在全球各地批发各种优质汽车产品的跨国大企业，我们的业务非常容易受到全球市场和国际供应链的影响。

2020年我们面临的挑战确实是前所未有的。

在逆境中坚韧不拔

我们以前没有处理大规模流行病的经验。然而，我们迅速果断地采取了行动，实施我们的业务连续性计划，一方面减轻对我们业务的影响，另一方面保护我们员工的健康和安全。根据各个司法管辖区政府的指导方针，我们制定了相应的政策、协议和措施，以确保在安全和健康的环境中，工厂的生产能够尽可能减少中断。我们还在新加坡总部成立了一个危机管理委员会，以协调与所有区域办事处的应对工作。

在疫情的早期阶段，根据我们所掌握的信息，我们意识到新冠疫情的影响将是持久的。我们加强了我们的战斗力，严阵以待一场旷日持久的危机战。幸运的是，我们制定了减少库存、减少应收账款和减少运营成本的"3R"政策。多年来，我们努力实施这一战略并取得了成效，在充满挑战的商业环境和不确定性时期，我们表现出了顽强的韧性。这种"3R"文化促进了其他成本控制措施的顺利实施，比如冻结所有资本支出、取消非必要业务支出和招聘。我们的一些员工工作时间被缩短，相应地工资也作了调整。通过这样一系列方式，即避免了资源浪费，又确保了业务可持续性的发展。

我们调整了策略，以满足地方当局控制疾病传播的要求。我们知道，我们措施的有效性归根结底取决于我们最重要的资产——人力资源——的支持。因此，从一开始，动员员工投入生产就是我们的首要任务之一。我们对他们宣传关于新冠疫情的发展及其对工厂的影响。通过坦率和真诚的讨论，我们获得了他们的理解和支持，作为一个大家庭，同甘共苦，分享交心，一起提升我们战胜挑战的韧性和信心。

积极的财务表现

我高兴地通知大家，由于我们采取了果断的疫情措施，加上管理层和员工们的紧密团结，集团得以在2020财年取得正业绩。

截至2020年12月31日（"2020财年"）集团总收入为4.228亿新元，较上一年度的4.482亿新元下降5.7%。总收入的下降主要是因为批发业务和制造业务销售量的下降。另一方面，毛利润从2019财年的9,600万新元增长到2020财年的1.014亿新元，增长5.6%。由于某些市场的供应限制和需求量增加，使得我们的轮胎和轮毂业务取得了更坚挺的市场销售价格，从而给集团带来了较高的利润。

2020财年集团归属于公司股东的净利润飙升至1,920万新元，较上年度的1,300万新元增长47.8%，体现了较高的毛利润。特别是占批发业务50%以上的轮胎业务的提升，对集团2020财年的盈利做出了重大贡献。净利润的走强还部分得益于运营费用的降低、政府对新冠疫情的资助以及我们在澳大利亚的一家子公司业绩的提高。

2020财年，占集团总营业额73.8%的批发业务销售收入为3.122亿新元，较2019财年的3.258亿新元下降4.2%。销售疲软的原因是轮胎和轮毂部门营业额的下降，这主要是由于当地政府发起的阻断措施和禁止出行令导致我们销售不足约两个月。另一方面，能源与工业产品部门的业绩有所改善。新冠疫情对市场的冲击导致电池供不应求，和价格上升，所以我们的电池业务部门今年取得了不错的成绩。

董事长献词

此外，数据中心和基本服务提供商对不间断电源的需求增加也推动了我们工业产品业务的发展，使其取得了较好的业绩。

从 2019 财年的 1.224 亿新元至 2020 财年的 1.106 亿新元，轮毂制造业务的销售额下降了 9.6%。营业额下降的原因是工厂所在地的区政府发动隔离，封锁等疫情遏制措施而造成的生产中断。然而，由于毛利率的提高，这项占集团总营业额26.2%的业务在2020财年对净利润的贡献率要高于往年。集团在中国、马来西亚和台湾开设的工厂，凭借地理多元化，使得我们的制造业务在不断变化的运营环境中，具有敏捷的恢复能力，使我们能利用机会优化我们的产量，并最大限度地创造价值。

更坚固的财政基础

2020财年，集团的财政基础更为牢固。截至2020年12月31日，总资产为4.051亿新元，同比增长1.6%。归属于股东的净资产达到2.754亿新元，较上一期间的2.558亿新元增长7.6%。截至2020年12月31日，普通股每股净资产为94.83分，同比增长8.4%。

由于利润率较高，集团从业务经营中获得7,180万新元的现金流，使其足以支付这一年的投资项目和金融活动。 纵观2020年，现金和现金等价物增加2,860万新元，使集团现金和银行余额总额达到8,450万新元。截至2020年12月31日，集团总杠杆比率为26.8%。

为股东创造价值

集团信奉与股东分享劳动成果。为了表达对支持我们的股东们的感激之情，以及兑现我们向股东创造价值的承诺，董事会提议在即将召开的年度股东大会上，建议最终股息每股为3.3分。根据本年报发布前最后一个可行日期的收盘市价S$0.48，股息率为6.9%。股息支付占我们净利润的50%。

建立有弹性的财政基础

2020 财年对集团来说是具有弹性的一年。当然还有许多需要改进的地方和空间，我们将健全我们的财政基础，使之更有韧性。我们从这次新冠疫情中吸取了许多宝贵的经验教训。我们在应对挑战方面的努力和经验使我们能够迅速恢复战斗力。我们的员工为友发这个大家庭付出了许多，大家并肩一起作战，在新冠疫情之后的未来也获得了更大的自信心。

集团的根基得到了加强。我们不但在疫情中幸存了下来，而且使集团处于更有利的地位，为下一阶段的增长奠定了基础。

针对新冠疫情，我们改进了运营流程，使我们的运作更加有效和提高生产力。我们的全球网络更加牢固，在世界各地的跨境业务正在更无缝地有条不紊地运营着。

新冠疫情还刺激我们不断努力创新和开发技术，使我们面临各种竞争仍处于不败之地。在各种疫情限制法规以及供应链中断的形势下，我们必须改革创新，将我们的生产运营保持在最佳状态，以确保我们能够及时向客户交付优质产品，满足客户的需求。通过采用先进的生产技术，不断地创新，即使在最严重的时刻，我们依然能够获得新客户并扩大客户群。在某些区域的汽车行业中，友发集团的声誉因我们在应对新冠疫情的表现而得到了巩固加强，让我们在市场中占据优势。

然而，我们前进的道路中仍然存在不确定性和风险。首先，我们面临着供应链中断的挑战。自2021财年开始以来，全球集装箱短缺、船舶开运限制和港口拥堵，这些不仅导致了运费的上升，而且还影响了我们的轮毂、轮胎和能源与工业产品向全球市场的出口量。因此，我们必须时刻保持警惕，灵活应对当前的困境与挑战。所幸，凭借我们在2020财年抗击新冠疫情的经验，以及我们健康的资产负债表，我们相信我们有足够财力来抵御未来的不确定性。

董事长献词

展望未来

新冠疫情的未来趋势是不可预知的。据货币基金组织（见参考[1]）称，全球复苏的力度将因国而异，还将取决于获得疫苗的机会和政策支持的有效性等因素。世界银行（见参考[3]）报道称，到2021年底，东亚和太平洋地区的经济贸易活跃度预计将保持在新冠疫情爆发前的水平以下，这反映了疫情冲击所造成的持久损失。

在2021财年，我们将密切注意新冠病毒及其变异病毒的疫情发展。我们将继续以安全可靠的方式提高生产设备的产能利用率。疫情的爆发也使我们意识到了原材料集中采购的风险，所以在2021年，我们的首要任务是实现除中国以外原材料多地区采购的方案，提高我们供应链的弹性。

我们的"3M"—— 多产品、多品牌、多类别的营销策略，为我们的批发业务在国际市场上的发展奠定了良好的基础。为建立新产品品牌，我们将继续加强这一策略，扩大我们的全球客户网络，寻找新的合作伙伴和供应商。在2020年成功开发的新客户基础上，我们将继续建立新的联盟，并扩大我们在所有产品类别中的市场份额。此外，我们还将加大新品牌和不同类别产品的采购力度，以加强我们可供应产品的多元化，交叉向客户销售。

具有讽刺意味的是，虽然新冠疫情扰乱了我们的运作，但它也为我们创造了许多机会。由于疫情，汽车行业供需趋势的变化加速，使得一些供应商不得已退出了这个行业，给我们留下了我们可以，而且已经利用的缺口，让我们在关键领域占据了市场份额。我们具有地理多元化特点的制造业务使我们能够利用各自工厂的竞争优势，满足汽车售后市场所需的各种各样的质量、价格和等级要求。我们计划扩大马六甲工厂的产能，以生产出高质量和高性价比产品，而在苏州，我们将加深创新专业技术，以卓越的服务质量为宗旨，生产高附加值、一流的产品，提高优质产品的市场份额。

我们将继续巩固在2020年取得的成绩，抓住机遇，将集团发展成为多元化的跨国企业。

感谢

尽管面临新冠疫情的挑战，但许多人还是为本集团在 2020财年取得的业绩做出了贡献。首先我要感谢董事会的指导和意见，带领集团度过充满不确定性的艰难一年。我谨代表董事会感谢我们的商业合作伙伴和客户在应对困难中的支持与合作。我还要感谢股东对我们战胜逆境的能力所持有的信心和给与的信任。最后，我要亲自感谢所有如同家人般共同奋斗的管理层和员工，感谢他们在这一年里做出的牺牲、付出的辛劳汗水，让我们一起努力，在2021财年取得更好的成绩。

郑添和

执行主席兼集团董事长

参考：

1 国际货币基金组织，2021年1月，世界经济展望更新

2 新加坡贸易和工业部，2021年2月15日新闻稿，"MTI将2021年GDP增长预测维持在"4.0%至6.0%"

3 世界银行，"2021年1月，东亚和太平洋全球经济前景"

BUSINESS REVIEW

BUSINESS REVIEW

The operating environment in FY2020 was the most challenging that YHI International Ltd ("YHI" or "the Group") has encountered in recent memory. The COVID-19 pandemic which broke out in China in December 2019 progressively spread to every continent, eventually engulfing the whole world and devastating the global economy.

Our Suzhou manufacturing operations were disrupted by local coronavirus-control measures which prevented our workers from returning to the city for two weeks after the Chinese New Year holidays. Our operations in Singapore and other regions were subsequently also disrupted by government measures to control the spread of the virus.

The impact on the global automotive sector was severe. The global supply chains of automotive components were critically damaged by large scale manufacturing interruptions across the world. Coupled with the slowdown in economic activities in almost every market, production and sales of tyres and wheels for YHI in FY2020 were affected.

THE STATE OF OUR BUSINESS

The Group has operations in over 100 countries, spanning Asia Pacific, North America and Europe, providing a diverse portfolio of automotive and industrial products and brands. Our three manufacturing facilities are located in China, Taiwan and Malaysia, providing integrated manufacturing services as an Original Design Manufacturer ("ODM") of alloy wheels, supporting customers with design conception, development, manufacturing, marketing and distribution of the final products.

When the pandemic broke out, disruptions to the Group's operations were most severe in the first half of 2020. However, by July 2020, most of our businesses have resumed operations, with our facilities in China, the first country in the world to emerge from the pandemic, resuming operations in the second quarter. In the second half of the year, the operations of all of our 32 subsidiaries were restored progressively and were functioning close to pre-pandemic levels as at 31 December 2020.

ASEAN remained our largest market in FY2020, contributing S$176.0 million or 41.6% of the Group's revenue, albeit smaller than 46.6% recorded in FY2019. Oceania, comprising primarily Australia and New Zealand, was the second largest contributor, achieving S$129.4 million in revenue and accounting for 30.6% of the total revenue. The contribution from this region was higher than 27.0% in the previous year. Revenue from our North East Asia market, comprising China, Hong Kong and Taiwan, came in at S$98.5 million, representing 23.3% of our total revenue. The US market accounted for the remaining 4.5% of revenue or S$19.0 million.

The tyre segment remained the main revenue driver, accounting for 39.1% of Group revenue, followed by wheels and industrial power segments, representing 35.1% and 25.8% of total revenue respectively.

The distribution business remained the pillar of the Group, accounting for 73.8% of total revenue. Affected by lockdowns and poorer business sentiments, distribution revenue was dragged down by lower sales volumes of tyres and wheels, coming in at S$312.2 compared to S$325.8 in FY2019, representing a decrease of 4.2%. In the same vein, the wheel

BUSINESS REVIEW

manufacturing segment, which accounted for 26.2% of Group revenue, also registered a decline of 9.6% from S$122.4 million in FY2019 to S$110.6 million in the financial year under review.

DISTRIBUTION BUSINESS

The Group's distribution business, comprising tyre, wheel, energy solution, buggy and utility vehicle and industrial products, continues to be the mainstay of our business. We distribute more than 45 leading brands across these categories as well as our own proprietary brands which include Neuton Tyres, Advanti Racing alloy wheels, Neuton Power rechargeable batteries and Neuton Power buggies. The main growth engine of the distribution segment is the distribution of tyres which accounted for 52.9% of the distribution revenue. We carried a wide range of leading brands including Yokohama, Nitto, Nankang, Nexen, Pirelli, Achilles, ATG Tires and Mickey Thompson catering to the diverse needs of different markets across Asia, Oceania and the USA. The energy solutions and other industrial products comprising rechargeable batteries (for commercial and industrial use) and industrial power (for UPS) were the second highest revenue contributor, representing 34.9% of the distribution business revenue. The distribution of various alloy wheel brands such as Enkei, OZ, Konig and Breyton and our own Advanti Racing, accounted for the remaining 12.2% of our distribution business.

In the early months of the pandemic, our distribution business was adversely impacted by lockdown measures affecting our marketing activities, supply chains and operating environment. Sales volumes of almost all our products declined significantly in the first half of the year. Although distribution sales picked up in the second half as safe-distancing and movement restriction measures were relaxed in many countries, the overall sales for FY2020 declined by 4.2% compared to FY2019.

ASEAN remained our biggest market for distribution, achieving S$130.2 million, a decline of 14.2% year-on-year, accounting for 41.7% of distribution revenue. Oceania was the only market that saw better sales, registering revenue of S$129.4 million, a 7.0% increase compared to S$120.9 million the year before. With this performance, Oceania's 41.4% contribution to distribution revenue came close to matching that of ASEAN's. The improvement in Oceania could be attributed to improved tyre and auto battery sales due to pandemic measures to restrict air travel in geographically large market such as Australia, leading to consumers driving more often and longer distances resulting in the consumption of more tyres and auto batteries. North East Asia recorded lower sales of S$33.7 million, down 4.0% from S$35.1 million, a year before. This could be attributed to lower tyre sales in China, the world's biggest automobile market where automobile sales declined 5.0%[1] year-on-year in 2020.

The distribution of alloy wheels was similarly impacted by the pandemic with weaker sales in the first half of 2020 and demand picking up in the second half. Sales of wheels for FY2020 recorded S$38.0 million, down 4.3% compared to S$39.7 million in FY2019.

Notwithstanding the lower sales achieved in FY2020, the Group's distribution has come through the year stronger. Trading margins were higher resulting in higher profits because we were able to capitalise on supply constraints due to the decline in production capacity and benefited from higher sale prices for our products especially tyres. In addition, we were able to increase market share in some key markets by capturing supply gaps left by competitors that exited the industry.

MANUFACTURING BUSINESS

Our manufacturing facilities were the first of our operations to be affected by the pandemic. Production was disrupted by either shortage of workers who could not return to work or by our compliance with local pandemic control measures. Our operations were also impacted by supply chain disruptions, affecting the timely supply of raw materials. Nevertheless, we moved swiftly and decisively to implement business continuity plans and changes to processes and procedures to adapt to the changed operating environment. As a result of our decisive and appropriate measures, our operations were able to recover progressively and return to near pre-pandemic level as at 31 December 2020.

Our wheel manufacturing business achieved revenue of S$110.6 million in FY2020. More than 96% of our production catered to demand in the aftermarket segment which provided better margins and greater potential for growth. Our Original Equipment Manufacturing ("OEM") segment contributed 4% to total manufacturing revenue.

Our largest export market continued to be Europe which accounted for 35.2% of our revenue, followed by North America 33.8%, Greater China 10.9% and Japan 9.8%. ASEAN, Oceania and the other markets accounted for the remaining 10.3%.

The pandemic accelerated trends that were already changing the shape of the automotive industry landscape before the outbreak of the coronavirus. Trade tensions arising from imposition of tariffs between the USA and China on automobiles and automobile parts since 2018 have increased the cost of production in China. In addition, new and stricter emission standards rolled out by the Chinese government in 2019 further exacerbated the challenging operating environment in China, the world biggest automobile market.

BUSINESS REVIEW

The Group is responding to the changing global automotive manufacturing operating environment by realigning our strategies to leverage the respective strengths of our geographically-diversified manufacturing facilities. In China, our advanced manufacturing facility supported by innovations and advanced manufacturing technology will enable us to produce higher value-added alloy wheels for the US and European aftermarkets where the demand for premium products provides higher margins and greater profits for our business. The Group has benefited from its focus on improving the quality of our after-sales service as we secure new customers and increase our market share of premium wheels in our key markets in Europe and the USA.

In Malaysia, we are poised to capitalise on the favourable cost structure and ramp up production with a focus on optimising capacity as we anticipate transferring increasing production volume from our Suzhou plant to our Malacca plant for products whose margins were affected by US-China trade tariffs.

BUSINESS OUTLOOK

According to the International Monetary Fund ("IMF"), the global economy is projected to grow 5.5%[2] in 2021, following a contraction of 3.5% in 2020. As vaccines are being rolled out in the world, the global economic recovery will gather momentum, in particular, in the second half of 2021. Global demand for automotive will pace the economic recovery, with IHS Markit forecasting global automotive sales to grow 9%[3] in 2021. China Association of Automobile Manufacturers (CAAM) forecasts automobile sales in China to increase by 2.7%[4] in 2021 to more than 26 million vehicles.

The automotive industry is going through a pivotal period of transformation, driven by introduction of technology-enabled vehicles and more stringent emission standards. The pandemic has accelerated the pace of electrification of vehicles. Many countries around the world have set ambitious goals to phase out petrol and diesel vehicles and adopt cleaner energy vehicles such as electric vehicles. This transformation will provide growth opportunities for YHI to expand our tyres and alloy wheel products into the electric vehicle market. We will continue to enhance our research and development efforts in order to stay ahead of the curve and work with our partners to create and deliver quality products for the global markets.

The Group has come through FY2020 on a stronger footing and with greater confidence. Today, we know more about COVID-19 than we did at the beginning of 2020. However, much remains uncertain, especially about the potential emergence of different variants of the virus. The global shortage of shipping containers and congested seaports will also pose risks to our export sales. We have to remain vigilant, monitor international and local developments closely and stay nimble and agile to navigate the volatile environment with insights and prudence. We will continue to enhance our resilience by strengthening our cost management and improving operational efficiency. In addition, we will continue to strengthen our international networks and build our global brands through service excellence, product innovation and design.

Going forward, we are cautiously optimistic about the long-term future of the automobile tyre and wheel industry. We will also continue to develop new products and acquire new global brands in the energy solution and industry product segments to diversify our product offerings. We will ride on our momentum in FY2020 and build on our strengths, quality products and networks to drive long-term sustainable growth.

1 "Global Auto Sales Expected to Gain Momentum Next Year; 83.4 Million Light Vehicles to be Sold in 2021", IHS Markit Press Release, December 17, 2020.
2 "World Economic Outlook Update" January 2021, International Monetary Fund
3 "Fuel for Thought: Automotive Scenarios for 2021 – The Virus and the Vaccine", IHS Markit, 14 December 2020
4 "China's 2020 vehicles sales, output fall on COVID impact", Argus, 13 January 2021

REINFORCING FUNDAMENTALS

Our track record, market presence, proven capabilities and culture of innovation underpin YHI International's resilience. We are determined to enhance our strengths by improving productivity and optimise our operations to stay agile and adaptable to market challenges moving forward.

FINANCIAL REVIEW

INCOME STATEMENT REVIEW

YHI Group achieved a respectable financial performance in FY2020 despite a challenging operating environment.

The Group reported a 5.7% (or $25.4 million) decrease in turnover to $422.8 million (FY2020) from $448.2 million (FY2019) mainly due to lower sales in both distribution and manufacturing business as compared to last year.

Distribution business, accounting for 73.8% of the Group's total turnover, recorded a decrease of 4.2% (or $13.6 million) in turnover, from $325.8 million (FY2019) to $ 312.2 million (FY2020) mainly due to lower sales in tyre and wheel divisions. Our wheel manufacturing business, accounting for 26.2% of the Group's total turnover, recorded a decrease of 9.6% (or $11.8 million) in turnover, from $122.4 million (FY2019) to $110.6 million (FY2020).

Gross profit increased by 5.6% (or $5.4 million) to $101.4 million (FY2020) from $96.0 million (FY2019) mainly due to higher gross profit margin. The Group's gross profit margin increased to 24.0% in FY2020 compared to 21.4% in FY2019 due to higher gross profit margin from both distribution and manufacturing business.

A review of the Group's turnover by geographical markets of ASEAN, North East Asia, Oceania and Others contributed 41.6%, 23.3%, 30.6% and 4.5% respectively. The turnover in ASEAN, our largest revenue contributor, decreased by 15.7% to $176.0 million mainly due to lower revenue in Singapore, Malaysia, Vietnam and the Philippines. The turnover in North East Asia decreased by 1.9% to $98.5 million mainly due to lower revenue from Suzhou factory. The turnover in Oceania increased by 7.0% to $129.3 million due to higher revenue in Australia. Lastly, the turnover in Others, Pan-Mar Corporation (America), increased by 4.7% to $19.0 million.

Other gains increased from $5.7 million in FY2019 to $7.8 million in FY2020 mainly due to government grants for COVID-19 relief in the various countries where the Group operates.

Credit loss allowance on trade receivables increased from $0.9 million in FY2019 to $1.4 million in FY2020 mainly due to specific debtors who are credit impaired and invoices remains unpaid after a year.

In tandem with its continual cost management efforts, the Group's total operating expenses decreased by 2.2% (or $1.9 million) to $86.5 million in FY2020 from $88.4 million in FY2019. Operating expenses to sales ratio increased to 20.5% compared to 19.7% in FY2019 due to lower sales in FY2020.

Distribution expenses decreased by 2.6% (or $1.0 million) to $38.0 million in FY2020 from $39.0 million in FY2019, mainly due to lower sales promotion, travelling and staff costs.

Administrative expenses decreased by 0.5% (or $0.2 million) in FY2020 to $44.2 million compared to $44.4 million in FY2019 mainly due to lower staff costs, legal and professional fee and other general expenses.

Financing costs decreased by 28.2% (or $1.1 million) to $2.9 million in FY2020 compared to $4.0 million in FY2019 mainly due to lower loan interest expense in line with lower bank loans.

Our associated company reported weaker performance and our share of profit decreased by 11.2% (or $0.3 million) to $2.7 million in FY2020 as compared to $3.0 million in FY2019.

Profit before income tax was $25.3 million in FY2020, increased by 56.1% compared to $16.2 million in FY2019.
Income tax expense increased by 66.4% (or $2.3 million) mainly due to higher profit before tax for the year.

Net profit after tax and non-controlling interests attributable to shareholders of the Company increased by 47.8% (or $6.2 million) to $19.2 million in FY2020 as compared to $13.0 million in FY2019 mainly due to the support of government grants for COVID-19 relief and one of our subsidiaries in Australia registered a profit in FY2020 from a loss in FY2019.

Profit attributable to non-controlling interests increased to $0.4 million in FY2020 from a loss of $0.2 million in FY2019 mainly due to higher profit recorded by subsidiaries where there are minority local shareholders.

FINANCIAL POSITION REVIEW

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

As at 31 December 2020, total assets amounted to about $405.1 million comprising $267.1 million of current assets and $138.0 million of non-current assets. Total liabilities amounted to about $121.5 million comprising current liabilities of $94.2 million and non-current liabilities of $27.3 million. Shareholders' equity excluding non-controlling interests amounted to $275.4 million, giving a net assets value per share of 94.83 Singapore cents.

FINANCIAL REVIEW

The Group's net working capital increased to $172.9 million in FY2020 from $151.4 million with current ratio at 2.8 times and cash and cash equivalent of $84.6 million as at 31 December 2020.

Trade and other receivables decreased from $83.6 million to $80.4 million due to better credit control and collection management in FY2020.

Inventories decreased from $119.7 million to $102.1 million due to better inventory management.

Investment in an associated company increased from $19.6 million to $23.1 million due to equity accounting for our share of investment in OZ S.p.A Italy in FY2020.

Property, plant and equipment ("PPE") decreased by $5.2 million to $68.3 million mainly due to depreciation charged offset by addition of PPE during the year.

Trade and other payables increased from $34.3 million to $42.7 million mainly due to new purchases close to 31 December 2020.

Income tax liabilities increased from $1.6 million to $2.4 million mainly due to higher Group profit before tax for the year.

Derivative financial instrument (liability) increased from Nil to $1.1 million mainly due to currency swap contracts to hedge our USD receivables.

Borrowings decreased from $70.7 million to $48.0 million due to repayment of bank borrowings in FY2020.

Group's net borrowings (net of cash) decreased from $38.5 million to a negative $10.9 million and net gearing ratio decreased from 15% to Nil at the end of 31 December 2020. The reduced net borrowings mainly due to repayment of borrowings for the financial year ended 31 December 2020. The Group's gross gearing ratio also reduced from 37.1% to 26.8% at the end of 31 December 2020.

The Company purchased a total of 1,896,000 issued ordinary shares through market purchases at an average price of 35.42 cents amounting to $671,510.45 in FY2020. This represent 0.65% of the total number of issued shares (excluding treasury shares) and all were held a treasury shares as at 31 December 2020. There was nil purchase of treasury shares in FY2019.

Other reserves, consist of foreign currency translation gains on overseas investments, increased from negative $3.3 million to $4.4 million mainly due to the strengthening of RMB and EUR against SGD.

Non-controlling interests decreased from $10.0 million to $8.2 million mainly due to an acquisition of equity shares from a minority shareholder in one of the Company's subsidiaries during the period.

CASH FLOWS REVIEW

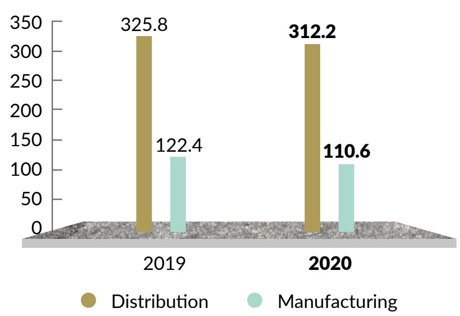
$71.8 million was provided by operating activities in FY2020. The Group utilised $1.3 million in investing activities mainly for the purchase of property, plant and equipment and acquisition of additional interest in subsidiaries. A total of $41.9 million was used in financing activities mainly for dividend payment and repayment of borrowings. Cash and cash equivalents amounted to $84.5 million as at 31 December 2020 compared to $54.8 million reported as at 31 December 2019.

DIVIDEND

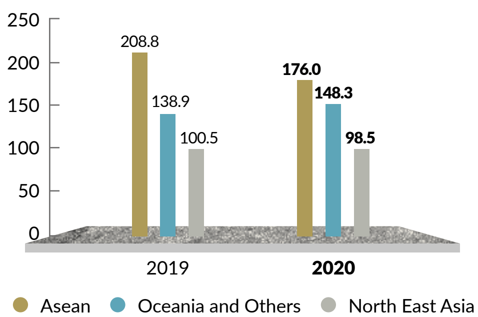
The Board of Directors has proposed a first and final (one-tier tax-exempted) dividend payout of 3.3 cents per share, subject to shareholders' approval at the Company's Annual General Meeting on 28 April 2021.

This translates to a dividend yield of 6.9% based on S$0.48 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 6.57 Singapore cent for FY2020.

REVENUE BY BUSINESS SEGMENTS
(S$ 'million)



REVENUE BY GEOGRAPHY
(S$ 'million)



CORPORATE MILESTONES

1948

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

1973 - 1975

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

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).

1996

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

1997

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

1999

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

CORPORATE MILESTONES

2000

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

2003 - 2004

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

2005

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

2006

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

2007

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

2008

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

CORPORATE MILESTONES

2009

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

2010

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

2011

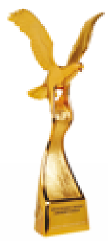
- Set up its 5th alloy wheels manufacturing plant in Malacca, Malaysia.
- Commenced rebuilding of YHI Headquarters in Singapore.
- YHI (Malaysia) Sdn Bhd received its third Super Golden Bull Award for outstanding SME in Malaysia.

2012

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

2013

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



2014

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

CORPORATE MILESTONES

2015

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

2016

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

2017

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

2018

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

2019

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

BOARD OF DIRECTORS

MR TAY TIAN HOE, RICHARD, 69

Executive Chairman &
Group Managing Director

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

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

Under his stewardship, Mr Tay has led the development and growth of our alloy wheels manufacturing business. He is a member of the Singapore Institute of Directors. He was appointed to the Board on 26 August 2000 and last re-appointed on 28 April 2018.

MR TAY TIANG GUAN, 68

Executive Director

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

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

He is a member of the Singapore Institute of Directors. He was appointed to the Board on 26 August 2000 and was last re-appointed on 26 April 2019.

BOARD OF DIRECTORS

MR HENRY TAN SONG KOK, 56

Lead Independent Director

Mr Henry Tan was appointed to the Board on 22 May 2003 and last re-appointed on 18 June 2020. He currently chairs the Audit Committee and is a member of our Remuneration Committee and Nominating Committee. He is the Group CEO & Chief Innovation Officer 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 China New Town Development Co Ltd, BH Global Corporation Limited and Asia Vets Holdings Ltd. He is Chairman of the Nanyang Business School Alumni Advisory Board of NTU, Council Member of Institute of Singapore Chartered Accountants (ISCA) and Treasurer and executive committee member of Singapore Fintech Association.

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, ASEAN CPA, 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, 67

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 2019. He currently chairs the Remuneration Committee and is a member of our Audit Committee and Nominating 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 as well as the Chairman of the Audit Committee at Huationg Global Limited which is 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 PHUA TIN HOW, 70

Independent Director

Mr Phua Tin How was appointed to the Board on 22 May 2003 and was last re-appointed on 18 June 2020. 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 of New Toyo International Holdings Ltd in February 2020.

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

SENIOR MANAGEMENT TEAM

Mr Gary Su Thiam Huat | Mr Alex Ong Chin Kiong | Mr Lu Chun Ya

Mr Robert Tan Yong Quan | Ms Amy Soo Wee Hsien

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 25 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.

MR ALEX ONG CHIN KIONG

Chief Operating Officer (COO)
Distribution Group

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

He first joined the Group in year 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 and energy solution.

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

SENIOR MANAGEMENT TEAM

MR LU CHUN YA

Chief Operating Officer (COO)
Manufacturing Group

Mr Lu Chun Ya has over 25 years of experience in alloy wheels manufacturing, he is responsible for overseeing our business operations as well as the alloy wheels manufacturing plants in Suzhou, Taiwan and Malaysia.

Mr Lu first joined YHI International (Taiwan) Co., Ltd as a Quality Assurance Manager in 1998. He was promoted to the position of General Manager and was responsible for the business operations of the alloy wheels manufacturing plant in Shanghai before he left YHI in September 2010. Prior to joining back YHI International, he was a consultant with NingBo Superim Shenglong Technologies Co. Ltd from 2011 to 2012.

He was promoted to the position of Group General Manager, YHI Manufacturing Group (North East Asia) in December 2013 shortly after he re-joined YHI and recently promoted to the position of Chief Operating Officer, YHI Manufacturing Group in January 2020.

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 17 years of experience managing the YHI distribution group in ASEAN and is responsible for overseeing the business operations in Thailand, Malaysia 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 Commence (Marketing and Finance) from Curtin University of Technology, Perth Australia; and an Executive Master of Business Administration from the Helsinki School of Economics, Finland.

MS AMY SOO WEE HSIEN

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

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

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

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

HEAD OF SUBSIDIARIES

MALAYSIA

MR LEE TECK HOCK
General Manager
YHI (Malaysia) Sdn Bhd

MR LU CHUN YA
Chief Operating Officer
cum 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

THAILAND

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

INDONESIA

MR EKA SATRIA
Deputy General Manager
PT YHI Indonesia

VIETNAM

MR TAN FOONG SIONG
Head of Company
YHI (Vietnam) Co., Ltd

BRUNEI

MR RICKEY TAY
Head of Company
YHI Corporation (B)
Sdn Bhd

PHILIPPINES

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

MYANMAR

MR U MAUNG MAUNG LATT
Managing Director
YHI Aung (Myanmar)
Company Limited

HEAD OF SUBSIDIARIES

HONG KONG

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

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

TAIWAN

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

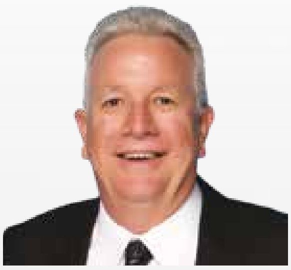
MR KELVIN LEE CHIEW LIANG
General Manager
YHI Distribution
(Taiwan) Co., Ltd

AUSTRALIA

MR TONY SUHAN
Managing Director
YHI (Australia) Pty Ltd

MR DAVID CHEN
Managing Director
YHI Power Pty Ltd

NEW ZEALAND



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

USA

MR JOSEPH SCHAEFER
President
Pan-Mar Corporation
D/B/A Konig (American) &
Advanti Racing USA, LLC

ITALY

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

CORPORATE STRUCTURE

YHI
Since 1948

DISTRIBUTION

- 100% **YHI CORPORATION (SINGAPORE) PTE LTD** Singapore
  - 70% **EVO-TREND CORPORATION (MALAYSIA) SDN BHD** Malaysia
  - 100% **YHI POWER (MALAYSIA) SDN BHD** Malaysia
  - 90% **PT YHI INDONESIA** Indonesia
  - 100% **YHI CORPORATION (B) SDN BHD** Negara Brunei Darussalam
  - 49% **YHI CORPORATION (THAILAND) CO LTD** Thailand
  - 90% **YHI (VIETNAM) CO., LTD** Vietnam
  - 90% **YHI CORPORATION (SHANGHAI) CO LTD** Shanghai, PRC
  - 100% **YHI (PHILIPPINES) INC** Philippines
  - 80% **YHI (EAST MALAYSIA) SDN BHD** Malaysia
  - 51% **YHI AUNG (MYANMAR) COMPANY LIMITED** Myanmar
  - 80% **YHI DISTRIBUTION (TAIWAN) CO., LTD** Taiwan
  - 30% **YHI (CAMBODIA) COMPANY LIMITED** Cambodia
- 100% **YHI (MALAYSIA) SDN BHD** Malaysia
- 100% **YHI (HONG KONG) CO LTD** Hong Kong
- 100% **YHI (CHINA) STRATEGY CO LTD** Hong Kong
  - 100% **YHI CORPORATION (GUANGZHOU) CO LTD** Guangzhou, PRC
- 80% **YHI (AUSTRALIA) PTY LTD** Australia
- 80% **YHI POWER PTY LTD** Australia
- 85% **YHI (NEW ZEALAND) LTD** New Zealand

CORPORATE STRUCTURE

MANUFACTURING

- 100% YHI MANUFACTURING (SINGAPORE) PTE LTD
  Singapore
  - 100% YHI MANUFACTURING (SHANGHAI) CO LTD
    Shanghai, PRC
  - 100% YHI ADVANTI MANUFACTURING (SUZHOU) CO LTD
    Suzhou, PRC
  - 100% YHI PRECISION MOULDING (SHANGHAI) CO LTD
    Shanghai, PRC
  - 100% YHI MANUFACTURING (MALAYSIA) SDN BHD
    Malaysia
  - 100% YHI ADVANTI MANUFACTURING (MALAYSIA) SDN BHD
    Malaysia
  - 100% YHI ADVANTI (SHANGHAI) CO LTD
    Shanghai, PRC
  - 35.51% OZ S.p.A
    Italy
  - 100% YHI (AMERICA) PTE LTD
    Singapore
    - 95% PAN-MAR CORPORATION D/B/A KONIG (AMERICAN)
      USA
      - 90% ADVANTI RACING USA, LLC
        USA
- 100% YHI INTERNATIONAL (TAIWAN) CO LTD
  Taiwan

LOGISTICS

- 100% YHI LOGISTICS (SINGAPORE) PTE LTD
  Singapore
  - 94% YHI LOGISTICS (MALAYSIA) SDN BHD
    Malaysia

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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Balikpapan Branch
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YHI (China) Strategy Co., Ltd
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YHI Advanti (Shanghai) Co., Ltd
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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

Phua Tin How
Independent Director

AUDIT COMMITTEE

Henry Tan Song Kok
Chairman

Phua Tin How
Member

Yuen Sou Wai
Member

REMUNERATION COMMITTEE

Yuen Sou Wai
Chairman

Phua Tin How
Member

Henry Tan Song Kok
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 LLP
7 Straits View,
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Partner-in-charge :
Maurice Loh Seow Wee
Year of appointment: 2018

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Standard Chartered Bank

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Email: yhigroup@yhi.com.sg
Website: www.yhigroup.com
Company Registration No:
200007455H

FINANCIAL CALENDAR

13 Aug 2020
Announcement of half year unaudited results

31 Dec 2020
Financial year-end

1 Mar 2021
Announcement of full year unaudited results

28 Apr 2021
Annual General Meeting

DISCIPLINED STRATEGY

YHI International is stepping up efforts to remain resilient by keeping a disciplined approach in managing our resources and improving our cost structure. Our 3R strategy—Reduce inventory, reduce accounts receivable and reduce operating costs—is crucial in maintaining a sound financial position.

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 2020 ("**FY2020**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), which forms part of the continuing obligations of the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Rules**"). The Company has complied with the principles and provisions as set out in the Code where applicable and where there are variations from the provisions of the Code, explanations and alternative corporate governance practices adopted by the Company which are consistent with the aim and philosophy of the principles of the Code have been provided.

THE CODE

The Code is divided into five main sections:
(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholder Rights and Engagement
(E) Managing Stakeholders Relationships

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

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

As at 26 March 2021, the Board comprises the following Directors:

Mr Tay Tian Hoe Richard	(Executive Chairman and Group Managing Director)
Mr Tay Tiang Guan	(Executive Director)
Mr Henry Tan Song Kok	(Lead 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.

CORPORATE GOVERNANCE

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the best interests of the Group. Provision 1.1

The principal functions of the Board include the following:

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

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

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

Directors understand the Company's business as well as their directorship duties (including their respective roles as Executives, Non-Executives and Independent Directors of the Company). Provision 1.2

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

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 allows new Directors to be familiar 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. Where appropriate, training on the roles and responsibilities of a director of a listed company will be provided to directors who have no prior experience as a director of a company listed on the SGX-ST. Listing Rule 210(5)(a)

CORPORATE GOVERNANCE

The Group has adopted a set of internal guidelines on matters that require the Board's approval. The Board decides on matters that require the Board's approval and clearly communicates this to the management in writing. The matters requiring Board approvals are including but not limited to, interested person transactions, investments and divestments, capital expenditure and business contracts which exceed certain amount. For example, the Board approves transactions exceeding certain threshold limits while delegating authority for transactions below those limits to the Board Committees and the management via a structured matrix, which is reviewed on a regular basis and revised when necessary. Provision 1.3

The Board may delegate the authority to make decisions to any Board Committee but without abdicating its responsibility. The following three (3) committees have been appointed by the Board to assist the Board in discharging some of its key responsibilities: Provision 1.4

a. Nominating Committee ("**NC**") Listing Rule 210(5)(e)
b. Remuneration Committee ("**RC**")
b. Audit Committee ("**AC**")

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

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

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

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

Director	Nominating Committee	Remuneration Committee	Audit Committee
Mr Tay Tian Hoe Richard (Executive Chairman & Group Managing Director)	Member	–	–
Mr Tay Tiang Guan (Executive Director)	–	–	–
Mr Henry Tan Song Kok (Lead Independent Director)	Member	Member	Chairman
Mr Phua Tin How (Independent Director)	Chairman	Member	Member
Mr Yuen Sou Wai (Independent Director)	Member	Chairman	Member

The Board holds regular meetings on a quarterly basis to review the Group's key activities, business strategies, funding plans, financial performance and to approve the announcement of half-year and annual results. Where required, ad-hoc meetings are arranged. The Directors are also constantly kept updated on the Group's development which allows them to participate and to share their views. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company by actively participating in the Board and Board Committee meetings. Provision 1.5

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

CORPORATE GOVERNANCE

The attendance of the Directors at meetings of the Board and Board Committees during FY2020 are set out in the table below:

	Board Meeting		Nominating Committee Meeting		Remuneration Committee Meeting		Audit Committee Meeting	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Tay Tian Hoe Richard	4	4	1	1	2	2^	4	4^
Tay Tiang Guan	4	3	1	1^	2	1^	4	3^
Henry Tan Song Kok	4	4	1	1	2	2	4	4
Phua Tin How	4	4	1	1	2	2	4	4
Yuen Sou Wai	4	4	1	1	2	2	4	4

Notes:
^ By invitation

The Board and the Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objectives. For this to happen, the Board, particularly the Independent Directors must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. Provision 1.6

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

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

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

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

CORPORATE GOVERNANCE

The Board receives quarterly financial statements, including regional performance and capital expenditure of the Group, cash flow projections, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance. Where required, detailed monthly management accounts will be provided. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations and risk management. Provision 1.6

The Board have separate and independent access to the Management. Directors are entitled to request and receive, in a timely manner, from the Management such additional information as necessary to make informed decisions. Provision 1.7

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

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

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

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

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

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

Additionally, the Independent Directors have confirmed that none of them and/or their immediate family members were employed by the Company or any of its related corporations for FY2020 and for the past three (3) financial years. Listing Rule 210(5)(d)

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

CORPORATE GOVERNANCE

Independence of Directors Who Have Served on the Board Beyond Nine (9) Years Provision 2.1

The Independent Directors, namely Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai, were appointed on 22 May 2003 and have served on the Board beyond nine (9) years from the date of their first appointment. Accordingly, the question of whether each of them is independent was subject to rigorous review in accordance with Guideline 2.4 of the Code of Corporate Governance 2012. The Board is of the view that Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai have demonstrated strong independent character and judgment over the years in discharging their duties and responsibilities as Independent Directors with the utmost commitment in upholding the interests of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged the Management. They had direct access to the Management and have sought clarifications from the Management as they deemed necessary. Further, the Nominating Committee has noted that there are no relationships or circumstances which are likely to affect or could appear to affect their judgment. After considering the view of the Nominating Committee and the performances of Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai in discharging their duties and responsibilities as Independent Directors, the Board is satisfied that Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai are independent in character and judgment, notwithstanding the tenure of their service on the Board. Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai had abstained from the abovementioned review process in establishing their independence.

Provision 2.2

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

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

The Company is looking into the progressive renewal of the current Board Composition. Rule 406(5)(c) of the Listing Manual, which will come into effect on 1 January 2022, requires, inter alia, independent directors to comprise at least one-third of the Company's board. The Company will ensure its compliance with Rule 406(5)(c) of the Listing Manual and update shareholders in due course.

Provision 2.3

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

Provision 2.4

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

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

CORPORATE GOVERNANCE

The Company does not adopt a formal board diversity policy, whereas it has embraced all aspects of diversity in the current Board composition and takes into consideration various factors of diversity in reviewing the Board composition as mentioned above. Provision 2.4

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

The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision making process. The Board also considers that its current composition of Independent Directors provides an effective mix of commercial, accounting, finance and legal experience. 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 have met without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Lead Independent Director will provide feedback to the Executive Chairman after such meetings as appropriate. Provision 2.5

PRINCIPLE 3: CHAIRMAN AND GROUP MANAGING DIRECTOR

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

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

a. Leads the Board to ensure its effectiveness of all aspects of its role;
b. Sets the meeting agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
c. Ensures that matters raised by the Independent Directors are appropriately attended to;
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.

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

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

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

CORPORATE GOVERNANCE

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

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

Mr Phua Tin How, an Independent Director, is the Chairman of the Nominating Committee. A majority of the Nominating Committee are Independent Directors. The Nominating Committee comprise of the following Directors: Provision 4.2

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

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

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

The Constitution requires at least one-third of the Directors, excluding the Group Managing Director, to retire from office by rotation and submit themselves to re-nomination and re-election by shareholders at every Annual General Meeting. For good corporate governance practice, the Group Managing Director had also submitted himself for re-nomination and re-appointment at the past 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 Directors. For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Nominating Committee does so by first evaluating the existing strengths and capabilities of the Board, before it proceeds to assess the likely future needs of the Board, and assesses whether this need can be fulfilled by the appointment of one person and if not, then to consult the Board with respect to the appointment of two persons. The Nominating Committee will then source through their network or engage external professional assistance for potential candidates and resumes for review, undertake background checks on the resumes received, narrow this list of resumes and finally to invite the shortlisted candidates to an interview. This interview may include a briefing of the duties required to ensure that there is no expectations gap, and to ensure that any new director appointed has the ability and capacity to adequately carry out his duties as a director of the Company, taking into consideration the number of listed company board representations he holds and other principal commitments he may have. The Nominating Committee will take an open view in sourcing for candidates and does not solely rely on current Directors' recommendations or contacts, and is empowered to engage professional search firms. The Nominating Committee will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval. Provision 4.3

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

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

Please refer to page 147-152 for additional information on Directors to be re-elected.

The independence of each Director is reviewed by the Nominating Committee annually and as and when required and reported to the Board, having regard to the circumstances set forth in Provision 2.1 of the Code. Provision 4.4

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

The Board, after taking into consideration the views of the Nominating Committee, is of the view that Mr Henry Tan Song Kok, 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.

The Nominating Committee ensures that new Directors are aware of their duties and obligations. Provision 4.5

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

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

There is no alternate director on the Board.

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

CORPORATE GOVERNANCE

PRINCIPLE 5: BOARD PERFORMANCE

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

The Nominating Committee recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Executive Chairman and each individual Director to the Board. Provision 5.1

Performance Criteria for Board (including Board Committees)

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

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 profits and the attainment of strategic and long-term objectives, and has allowed the Group to deliver value to its shareholders.

Evaluation of Individual Directors

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board for FY2020. 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 FY2020.

(B) REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

Mr Yuen Sou Wai, an Independent Director, is the Chairman of the Remuneration Committee for FY2020. All members of the Remuneration Committee are Independent Directors and the Remuneration Committee comprise of the following Directors: Provision 6.2

- Mr Yuen Sou Wai, Chairman of the Remuneration Committee;
- Mr Henry Tan Song Kok, the Lead Independent Director; and
- Mr Phua Tin How.

CORPORATE GOVERNANCE

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 FY2020. Provision 6.3

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

When the need arises, the Remuneration Committee has access to external remuneration consultants' service and advice on Director's remuneration. No remuneration consultant was appointed for FY2020. Provision 6.4

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

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

Provision 8.1

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.

The remuneration for the Directors in bands of $250,000 in FY2020 is as follows:

	Number of Directors	
	FY2020	FY2019
S$1,000,001 and above	**1**	1
S$750,001 to S$1000,000	**-**	-
S$500,001 to S$750,000	**-**	-
$250,000 to S$500,000	**-**	-
Below $250,000	**4**	4
Total	**5**	5

The breakdown of the Directors' remuneration and fees, in percentage terms, for FY2020 is as follows:

	Salary	**Bonus**	**Directors Fees**	**Other Benefits**	**Total**
	%	%	%	%	%
Tay Tian Hoe Richard	25	74	-	1	100
Tay Tiang Guan	48	38	-	14	100
Yuen Sou Wai	-	-	100	-	100
Henry Tan Song Kok	-	-	100	-	100
Phua Tin How	-	-	100	-	100

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

The Company operates in a niche industry in automotive manufacturing and distribution industry sector where relevant talent and expertise is limited. It has been facing and continues to face stiff competition in attracting and retaining talent in a small community of industry players. While the Company is cognizant of the need for corporate transparency in the remuneration of its Directors and key executives, the Company notes that the disclosure of details in excess of the above may be detrimental to its business interests, given the highly competitive industry conditions where poaching has become commonplace. The disclosure of specific detailed information on aggregate remuneration of individual director and key management personnel will affect its ability to retain its talent pool and is not in the best interests of the Company.

CORPORATE GOVERNANCE

In particular, the Company had previously announced its "3R" strategy and restructuring of its Group operations and the disclosure of remuneration matters are sensitive and confidential in light of its restructuring and resizing strategy. The Group also sees human capital as one of its key advantages over its competitors and, noting that the highly competitive industry which the Group operates in, believes that the disclosure above best preserves the business interests of the Group. As far as the Company is aware, the remuneration paid to Directors and key executives is in line with industry practices. Provision 8.1

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

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

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

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.

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

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 did not grant any share options pursuant to the Scheme and decided that it is not necessary to renew the Scheme. Provision 8.3

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

<u>Risk Management Framework</u>

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 122 to 133.

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.

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. Provision 9.2

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

CORPORATE GOVERNANCE

The Board, with the assistance of the Audit Committee, reviews the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems through deliberating the internal audit reports and results of the control self-assessment exercise at the end of each quarter. The Board also deliberates the updates made by the Group Chief Financial Officer on behalf of RMEC. Listing Rule 1207(10)

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

Based on Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, with the concurrence of the Audit Committee, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group are adequate and effective as at 31 December 2020.

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

PRINCIPLE 10: AUDIT COMMITTEE

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

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

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

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

CORPORATE GOVERNANCE

Review of full-year financial statements and the key audit matters highlighted by the external auditors — Provision 10.1

In the review of the full-year financial statements, the Audit Committee reviews the accounting policies, estimates, assumptions and judgements applied by Management. The 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 2020 are provided as follows:

– **Credit loss allowance on trade receivables**

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

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 FY2020.

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.

CORPORATE GOVERNANCE

The Group has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditors. The aggregate amount of fees paid to the auditors, broken down into audit and non-audit services are set out below: Provision 10.1

	2020	2019
	S$	S$
Fees on audit services paid/payable to:		
Auditors of the Company – PwC Singapore	**227,540**	241,675
Other PwC network firms	**105,995**	100,096
Other auditors	**236,071**	247,983
Fees on non-audit services paid/payable to:		
Auditors of the Company- PwC Singapore	**79,813**	87,351
Other auditors	**52,129**	100,366
Total	**701,548**	777,471

Mr Henry Tan Song Kok, the Lead Independent Director, is the Chairman of the Audit Committee. The Audit Committee comprises the following Independent Directors: Provision 10.2

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

All members of the Audit Committee 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.

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

The Group has its own 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 internal audit function has appropriate standing within the Company. Provision 10.4

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

CORPORATE GOVERNANCE

The Audit Committee is satisfied that the internal audit function is adequately resourced to perform its function effectively and is independent of the activities it audits. The Audit Committee is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience and professional qualification. Provision 10.4

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

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

The internal and the external auditors are invited to attend the Audit Committee meetings to table their plans and reports respectively. During FY2020, the Audit Committee met with the external auditors without any executives of the Group being present. The Chairman of the Audit Committee liaised with the internal auditor without the involvement of the Management to receive updates. Provision 10.5

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Shareholders' Opportunity to Participate and Vote at General Meeting Provision 11.1

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

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

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

CORPORATE GOVERNANCE

During FY2020, an annual general meeting was held on 18 June 2020 ("**AGM**"). Each item of special business included in the notice of the meetings were accompanied by a full explanation of the effects of a proposed resolutions at all general meetings. Separate resolutions were proposed for substantially separate issues at the general meetings. Provision 11.2

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

All the Directors and the external auditors attended the AGM and were available to address shareholders' queries. Provision 11.3

Shareholders were given the choice to vote in person or by proxy. In addition, a shareholder who is a relevant intermediary were allowed to appoint more than two (2) proxies so as to allow shareholders who hold shares through such relevant intermediaries to attend and participate in the AGM as proxies. Provision 11.4

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

Minutes of the AGM was prepared and made available to shareholders as soon as practicable upon request. The minutes recorded substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Board and Management. Provision 11.5

The Company does not have a formal dividend policy, nevertheless, it has a track record of paying annual dividends to shareholders and the payout is aligned with the Company's financial results. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management. Subject to the approval of Shareholders at the upcoming Annual General Meeting, the Company has, on 1 March 2021, in its unaudited financial results for the financial year ended 31 December 2020, recommended a first and final tax exempt (one-tier) dividend of 3.30 cents per ordinary share for the financial year ended 31 December 2020. Provision 11.6 Listing Rule 704(24)

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

In line with the provisions of the Listing Rules and the Companies Act (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 as to allow shareholders to make well-informed investment decisions and maintain a regular dialogue channel with shareholders to gather views, input and address shareholders' concerns. Provision 12.1

The Board believes that a high level of disclosure on a timely basis is essential for good corporate governance practice. The Executive Directors and the Group Chief Financial Officer are responsible for implementing the investor relations policy devised by the Board. Provision 12.2

Where required, the Executive Directors and the Group Chief Financial Officer will meet up with analysts and investors after the half-yearly results are announced through the SGXNET system, to explain the financial performance, Group's strategy and major developments and to understand their views and concerns. Provision 12.3

CORPORATE GOVERNANCE

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

The Company's customers, suppliers, employees and shareholders are its key stakeholders and they are symbolised by the Company's corporate logo. It has been the Company's core business and sustainability strategy of engaging and managing its relationship with the stakeholders in a fair, trust-based and responsible manner through hard work, dedication and commitment. The needs and interests of each group of stakeholders are properly balanced to ensure the best interests of the Company are served. Provision 13.1

The key areas of focus and engagement mechanisms adopted by the Company for each group of stakeholders in FY2020 are outlined as follows: Provision 13.2

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

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

DEALINGS IN SECURITIES

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

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

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

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

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

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

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

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

There was no interested person transaction exceeding S$100,000 in value during the financial period from 1 January 2020 to 31 December 2020.

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

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries for the benefit of the Directors or controlling shareholders during FY2020.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

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 70 to 139 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 2020 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 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 21.1.2021	At 31.12.2020	At 1.1.2020	At 21.1.2021	At 31.12.2020	At 1.1.2020
Company						
(No. of ordinary shares)						
Mr Tay Tian Hoe Richard [(1), (2)]	-	-	-	141,958,860	141,958,860	141,958,860
Mr Tay Tiang Guan [(3)]	-	-	-	45,000,353	45,000,353	45,000,353
Mr Henry Tan Song Kok	20,000	20,000	20,000	-	-	-
Mr Yuen Sou Wai	120,000	120,000	120,000	-	-	-
Mr Phua Tin How	55,000	55,000	55,000	-	-	-

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in name of Director			Holdings in which Director is deemed to have an interest		
	At 21.1.2021	At 31.12.2020	At 1.1.2020	At 21.1.2021	At 31.12.2020	At 1.1.2020
Immediate and ultimate holding company						
- YHI Holdings Pte Ltd [1]						
(No. of ordinary shares)						
Mr Tay Tian Hoe Richard [1, 2]	691,917	691,917	691,917	-	-	-

Notes:

(1) As at the date of this statement, YHI Holdings Pte Ltd directly holds 128,021,860 shares of the Company.

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

(3) As at the date of this statement, Mr Tay Tiang Guan is deemed interested in 45,000,353 shares of the Company held in the name of his nominees. Mr Tay Tiang Guan is not directly interested in shares of the Company.

(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 31.12.2020	At 1.1.2020
YHI (Australia) Pty Limited		
- No. of ordinary shares	80,000	80,000
YHI (New Zealand) Limited		
- No. of ordinary shares	85,000	70,000
YHI Power Pty Limited		
- No. of ordinary shares	8,000	8,500
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 (Vietnam) Co., Ltd	VND	VND
- Share capital	5,624,100,000	5,624,100,000
YHI Corporation (Shanghai) Co., Ltd		
- Share capital	US$360,000	US$360,000
Pan-Mar Corporation D/B/A Konig (American)		
- Common stock	US$142,500	US$142,500

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	At 31.12.2020	At 1.1.2020
Advanti Racing USA, LLC		
- Common stock	US$85,500	US$85,500
YHI (East Malaysia) Sdn Bhd		
- No. of ordinary shares	400,000	400,000
YHI Logistics (Malaysia) Sdn Bhd		
- No. of ordinary shares	22,560,000	22,560,000
YHI Aung (Myanmar) Company Limited		
- No. of ordinary shares	51,000	51,000
YHI Distribution (Taiwan) Co., Ltd		
- Share Capital	NTD 2,000,000	NTD 2,000,000

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2021 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 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 2020 before their submission to the Board of Directors.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

TAY TIAN HOE RICHARD
Director

TAY TIANG GUAN
Director

26 March 2021

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2020;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2020;
- the balance sheet of the Group and the balance sheet of the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YHI INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. 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***
Credit loss allowance on trade receivables As at 31 December 2020, the Group has trade receivables amounting to $66,175,000 net of credit loss of $5,255,000. Management judgement is required in assessing and determining the recoverability of trade receivables and adequacy of credit loss allowance made. They include estimating and evaluating the required lifetime expected credit losses under SFRS(I) 9 Financial Instruments. We focused on this area due to the management's judgement required in estimating the credit loss allowance. The key judgement and estimation on expected credit losses for trade receivables and the Group's credit risk management are disclosed in Notes 3(a) and 28(b) to the financial statements.	We evaluated management's assessment on the recoverability of the trade receivables and the adequacy of lifetime expected credit losses based on SFRS(I) 9. This includes the appropriateness of historical loss rate determined and adjusted for applicable forward looking information. We found the judgement and estimation used by management in determining the credit losses on trade receivables to be supportable based on available evidence. We also found that the disclosures provided in the financial statements as disclosed in Notes 3(a) and 28(b) to be appropriate.

Other Information

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

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

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

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

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

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 Maurice Loh Seow Wee.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants Singapore,

26 March 2021

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	**2020** **$'000**	2019 $'000
Sales	4	**422,795**	448,207
Cost of sales	5	**(321,434)**	(352,228)
Gross profit		**101,361**	95,979
Other gains - net	4	**7,791**	5,686
Credit loss allowance on trade receivables		**(1,357)**	(937)
Expenses			
– Distribution	5	**(38,048)**	(39,048)
– Administrative	5	**(44,189)**	(44,410)
– Finance	6	**(2,904)**	(4,047)
Share of profit of an associated company		**2,663**	2,998
Profit before income tax		**25,317**	16,221
Income tax expense	8	**(5,751)**	(3,457)
Net profit		**19,566**	12,764
Profit attributable to:			
Equity holders of the Company		**19,155**	12,956
Non-controlling interests		**411**	(192)
		19,566	12,764
Earnings per share attributable to the equity holders of the Company			
– Basic	9	**6.57 cents**	4.43 cents
– Diluted	9	**6.57 cents**	4.43 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
Profit for the year	**19,566**	12,764
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
– Currency translation differences	**7,703**	(3,202)
Items that will not be reclassified subsequently to profit or loss:		
– Currency translation differences	**688**	(398)
Total comprehensive income for the year	**27,957**	9,164
Total comprehensive income to:		
Equity holders of the Company	**26,858**	9,754
Non-controlling interests	**1,099**	(590)
	27,957	9,164

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

BALANCE SHEETS – GROUP AND COMPANY

AS AT 31 DECEMBER 2020

	Note	The Group 2020	The Group 2019	The Company 2020	The Company 2019
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	10	**84,620**	56,392	**5,334**	5,700
Trade and other receivables	11	**80,401**	83,554	**27,550**	29,851
Inventories	12	**102,081**	119,742	**-**	-
Derivative financial instruments	13	**-**	6	**-**	-
		267,102	259,694	**32,884**	35,551
Non-current assets					
Transferable club memberships		**65**	65	**-**	-
Investment in an associated company	14	**23,143**	19,619	**-**	-
Investments in subsidiaries	15	**-**	-	**102,207**	100,325
Property, plant and equipment	16	**68,278**	73,499	**-**	2
Right-of-use assets	17(a)	**28,652**	27,569	**-**	-
Investment property	19	**9,662**	9,607	**-**	-
Intangible assets	20	**3,526**	3,961	**-**	-
Deferred income tax assets	8(c)	**4,695**	4,558	**-**	-
		138,021	138,878	**102,207**	100,327
Total assets		**405,123**	398,572	**135,091**	135,878
LIABILITIES					
Current liabilities					
Trade and other payables	21	**42,735**	34,305	**1,902**	1,368
Current income tax liabilities	8(b)	**2,362**	1,596	**-**	-
Derivative financial instruments	13	**1,076**	-	**-**	-
Borrowings	22	**42,731**	66,919	**-**	-
Lease liabilities	17(b)	**5,338**	5,456	**-**	-
		94,242	108,276	**1,902**	1,368
Non-current liabilities					
Borrowings	22	**5,291**	3,797	**-**	-
Lease liabilities	17(b)	**20,378**	18,715	**-**	-
Deferred income tax liabilities	8(c)	**1,475**	1,761	**-**	-
Other non-current liabilities		**160**	160	**-**	-
		27,304	24,433	**-**	-
Total liabilities		**121,546**	132,709	**1,902**	1,368
NET ASSETS		**283,577**	265,863	**133,189**	134,510
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**77,001**	77,001	**77,001**	77,001
Treasury shares	23	**(671)**	-	**(671)**	-
Other reserves	24	**4,406**	(3,328)	**-**	-
Retained profits	25	**194,645**	182,152	**56,859**	57,509
		275,381	255,825	**133,189**	134,510
Non-controlling interests		**8,196**	10,038	**-**	-
Total equity		**283,577**	265,863	**133,189**	134,510

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to equity holders of the Company						
	Note	Share capital	Treasury shares	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020								
Beginning of financial year		**77,001**	**-**	**(3,328)**	**182,152**	**255,825**	**10,038**	**265,863**
Profit for the year		-	-	-	19,155	19,155	411	19,566
Other comprehensive income for the year		-	-	7,703	-	7,703	688	8,391
Total comprehensive income for the year		**-**	**-**	**7,703**	**19,155**	**26,858**	**1,099**	**27,957**
Purchase of treasury shares		-	(671)	-	-	(671)	-	(671)
Acquisition of additional interest in subsidiary		-	-	6	-	6	(2,158)	(2,152)
Disposal of interest in subsidiary without change in control		-	-	(148)	-	(148)	334	186
Dividends relating to 2019 paid	26	-	-	-	(6,489)	(6,489)	(1,117)	(7,606)
Transfer from retained profits to other reserves	24(b)(i)	-	-	173	(173)	-	-	-
End of financial year		**77,001**	**(671)**	**4,406**	**194,645**	**275,381**	**8,196**	**283,577**
2019								
Beginning of financial year		**77,001**	**-**	**(210)**	**176,149**	**252,940**	**11,179**	**264,119**
Profit for the year		-	-	-	12,956	12,956	(192)	12,764
Other comprehensive loss for the year		-	-	(3,202)	-	(3,202)	(398)	(3,600)
Total comprehensive (loss)/income for the year		**-**	**-**	**(3,202)**	**12,956**	**9,754**	**(590)**	**9,164**
Dividends relating to 2018 paid	26	-	-	-	(6,869)	(6,869)	(551)	(7,420)
Transfer from retained profits to other reserves	24(b)(i)	-	-	84	(84)	-	-	-
End of financial year		**77,001**	**-**	**(3,328)**	**182,152**	**255,825**	**10,038**	**265,863**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		$'000	$'000
Cash flows from operating activities			
Net profit		**19,566**	12,764
Adjustments for:			
– Income tax expense		**5,751**	3,457
– Depreciation of property, plant and equipment and investment property		**9,094**	11,108
– Depreciation of right-of-use assets		**6,720**	6,223
– Amortisation of intangible assets		**479**	475
– Gain on disposal of property, plant and equipment		**(15)**	(23)
– Interest expense		**2,904**	4,047
– Interest income		**(357)**	(340)
– Share of profit of an associated company		**(2,663)**	(2,998)
– Fair value loss on derivative financial instruments		**1,082**	109
– Provision for diminution of club membership		**-**	107
– Unrealised currency translation differences		**861**	(495)
Operating cash flow before working capital changes		**43,422**	34,434
Changes in working capital			
– Inventories		**20,683**	(853)
– Trade and other receivables		**5,284**	16,731
– Trade and other payables		**7,520**	(8,687)
Cash generated from operations		**76,909**	41,625
Interest received		**357**	340
Income tax paid		**(5,430)**	(4,119)
Net cash provided by operating activities		**71,836**	37,846
Cash flows from investing activities			
Dividends received from an associated company		**1,148**	1,130
Proceeds from sale of property, plant and equipment		**1,100**	1,115
Purchase of property, plant and equipment		**(3,589)**	(4,928)
Purchase of intangible assets		**(9)**	(2)
Net cash used in investing activities		**(1,350)**	(2,685)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**(6,489)**	(6,869)
Dividends paid to non-controlling interest		**(1,117)**	(551)
Acquisition of additional interest in subsidiary		**(2,152)**	-
Disposal of interest in subsidiary without change in control		**186**	-
Interest paid		**(2,904)**	(4,047)
Proceeds from borrowings		**8,732**	7,042
Repayments of borrowings		**(31,031)**	(20,549)
Principal payment of lease liabilities		**(6,450)**	(5,657)
Purchase of treasury shares		**(671)**	-
Net cash used in financing activities		**(41,896)**	(30,631)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Net increase in cash and bank balances		**28,590**	4,530
Cash and bank balances at beginning of the financial year		**54,815**	50,820
Effects of currency translation on cash and bank balances		**1,107**	(535)
Cash and bank balances at end of the financial year	10	**84,512**	54,815
Consolidated cash and bank balances represented by			
Cash and bank balances		**84,620**	56,392
Less: Bank overdrafts		**(108)**	(1,577)
Cash and bank balances as per consolidated statement of cash flows	10	**84,512**	54,815

Reconciliation of liabilities arising from financing activities

	Opening balance $'000	Proceeds, principal and interest payments $'000	Non-cash changes $'000 Adoption of SFRS(I) 16	Movement during the year	Interest expense	Foreign exchange movement	Closing balance $'000
2020							
Bank borrowings	70,716	(25,598)	-	-	1,830	1,074	48,022
Lease liabilities	24,171	(7,524)	-	7,067	1,074	928	25,716
2019							
Bank borrowings	83,412	(15,204)	-	-	2,993	(485)	70,716
Lease liabilities	95	(6,711)	29,088	940	1,054	(295)	24,171

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

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

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

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

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

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2.3 Government grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiaries *(continued)*

(iii) Disposals

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

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

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

(i) Acquisitions

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

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

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in 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. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

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

(ii) Equity method of accounting (continued)

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

(iii) Disposals

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

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

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

(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:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Intangible assets

(a) Goodwill on acquisitions

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

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

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

(b) Acquired trademarks

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

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

(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 two to five years.

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

2.7 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment property

Investment property comprise building and right-of-use asset relating to leasehold land 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 are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment 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.

2.9 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.

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

(b) Intangible assets
Property, plant and equipment
Right-of-use assets
Investment property
Investments in subsidiaries and associated company

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (continued)

(b) Intangible assets
Property, plant and equipment
Right-of-use assets
Investment property
Investments in subsidiaries and associated company (continued)

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.

2.11 Financial assets

(a) Classification and measurement

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

- Amortised cost

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

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

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

<u>At initial recognition</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

Debt instruments

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

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

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28(b) details how the Group determines whether there has been a significant increase in credit risk.

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

2.12 Financial guarantees

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

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

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected credit loss computed using the impairment methodology under Note 2.11.

2.13 Borrowings

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

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

2.14 Trade and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Derivative financial instruments

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

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

2.16 Leases

(a) When the Group is the lessee:

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

Lease payments include the following:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (continued)

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

- Short-term leases

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

- Variable lease payments

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

(b) When the Group is the lessor:

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

- Lessor – Operating leases

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

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

2.17 Inventories

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

2.18 Income taxes

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income taxes (continued)

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

2.19 Provisions

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

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

2.20 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Other long term benefits

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (continued)

(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.

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 with loss of control of the foreign operation.

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

2.22 Segment reporting

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

2.23 Cash and bank balances

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Share capital and treasury shares

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

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

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

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

2.25 Dividends to Company's shareholders

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Impairment of trade receivables

As at 31 December 2020, the Group's trade receivables amounted to $71,430,000 (2019: $75,897,000) (Note 11), arising from the Group's different revenue segments – Distribution and Manufacturing. The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, customers are grouped based on shared credit risk characteristics.

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

A credit loss allowance of $5,255,000 (2019: $4,533,000) for trade receivables was recognised as at 31 December 2020.

The Group's credit risk exposure for trade receivables by different revenue segment are set out in Note 28(b).

If the estimated loss rate for each age category were to increase by 0.5% (2019: 0.5%), an additional credit loss allowance of $335,000 (2019: $364,000) would have been recognised.

(b) Estimated impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

(c) Uncertain tax positions

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

The Group has open tax assessments with tax authorities at the balance sheet date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions.

4. REVENUE AND OTHER GAINS

	Group	
	2020	2019
	$'000	$'000
At a point in time		
Sale of goods		
- Automotive and industrial products (Distribution)		
North-east Asia	**33,702**	35,100
ASEAN	**130,175**	151,729
Oceania	**129,354**	120,874
Other	**18,959**	18,110
	312,190	325,813
- Alloy wheels (Manufacturing)		
North-east Asia	**64,822**	65,360
ASEAN	**45,783**	57,034
	110,605	122,394
Total sales	**422,795**	448,207

	Group	
	2020	2019
	$'000	$'000
Other gains:		
- Rental income	**4,114**	3,666
- Interest income from banks	**357**	340
- Gain on disposal of property, plant and equipment	**15**	23
- Fair value loss on derivative financial instruments (Note 13)	**(1,082)**	(109)
- Government grant income	**3,500**	226
- Other	**887**	1,540
Total other gains	**7,791**	5,686

Grant income of $3,500,000 (2019: Nil) was recognised during the financial year for COVID-19 wage support from various regions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5. EXPENSES BY NATURE

	Group	
	2020	2019
	$'000	$'000
Amortisation of intangible assets [Note 20(b),(c)]	**479**	475
Depreciation of property, plant and equipment (Note 16)	**8,691**	10,710
Depreciation of investment property (Note 19)	**403**	398
Depreciation of right-of-use assets [Note 17(a)]	**6,720**	6,223
Changes in inventories of raw materials, work-in-progress and finished goods	**(17,661)**	(250)
Purchases of raw materials, finished goods and consumables	**318,184**	328,344
Write-down of inventories	**2,414**	1,254
Transportation and travelling	**2,700**	3,974
Advertising and promotion	**2,467**	3,954
Commission charges	**4,022**	3,590
Employee compensation (Note 7)	**51,740**	53,653
Directors' fees	**264**	253
Repair and maintenance	**1,220**	1,359
Rental on leases for premises [Note 17(d)]	**250**	358
Currency translation loss/(gain) – net	**1,779**	(235)
Others	**19,999**	21,626
Total cost of sales, distribution and administrative expenses	**403,671**	435,686

6. FINANCE EXPENSES

	Group	
	2020	2019
	$'000	$'000
Interest expense:		
- Bank loans	**1,342**	2,260
- Bank overdrafts	**28**	47
- Trust receipts	**460**	686
- Lease liabilities	**1,074**	1,054
	2,904	4,047

7. EMPLOYEE COMPENSATION

	Group	
	2020	2019
	$'000	$'000
Wages and salaries	**48,582**	50,002
Other long-term benefits	**44**	42
Employer's contribution to defined contribution plans including Central Provident Fund	**3,114**	3,609
	51,740	53,653

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX

(a) *Income tax expense*

	Group	
	2020	2019
	$'000	$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**767**	520
- Foreign	**5,092**	4,451
	5,859	4,971
Deferred income tax [Note 8(c)]	**(411)**	(1,380)
	5,448	3,591
Under/(over) provision in previous financial years		
- Current income tax	**93**	87
- Deferred income tax [Note 8(c)]	**210**	(221)
	5,751	3,457

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	
	2020	2019
	$'000	$'000
Profit before income tax	**25,317**	16,221
Less:		
Share of profit of an associated company, net of tax	**(2,663)**	(2,998)
Profit before tax and share of profit of an associated company	**22,654**	13,223
Tax calculated at a tax rate of 17% (2019: 17%)	**3,851**	2,248
Effects of:		
- Singapore statutory stepped income exemption	**(21)**	(45)
- Effects of different tax rates in other countries	**1,711**	932
- Withholding tax	**269**	128
- Expenses not deductible for tax purposes	**1,423**	727
- Income not subject to tax	**(586)**	(192)
- Tax incentive	**(217)**	(156)
- Tax losses for which no deferred income tax asset was recognised	**136**	1,123
- Utilisation of previously unrecognised tax losses	**(1,066)**	(1,161)
- Deferred tax liability on an associated company's unremitted profits	**78**	89
- Under/(over) provision of income tax in prior years	**303**	(134)
- Others	**(130)**	(102)
Tax charge	**5,751**	3,457

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX (CONTINUED)

(b) Current income taxes

	Group 31 December		Company 31 December	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Tax recoverable assets (Note 11)	**(592)**	(492)	**-**	-
Current income tax liabilities	**2,362**	1,596	**-**	-

(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	
	2020	2019
	$'000	$'000
Deferred income tax assets	**(4,695)**	(4,558)
Deferred income tax liabilities	**1,475**	1,761

Movement in deferred income tax account is as follows:

	Group	
	2020	2019
	$'000	$'000
Beginning of financial year	**(2,797)**	(1,231)
Currency translation differences	**(222)**	35
Credited to income statement [Note 8(a)]	**(201)**	(1,601)
End of financial year	**(3,220)**	(2,797)

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	
	2020	2019
	$'000	$'000
Beginning of financial year	**1,761**	2,149
Currency translation differences	**42**	(11)
Credited to income statement	**(328)**	(377)
End of financial year	**1,475**	1,761

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX (CONTINUED)

(c) ***Deferred income taxes*** (continued)

Deferred income tax assets

	Provisions $'000	Excess of tax written-down value over net book value $'000	Other $'000	Total $'000
2020				
Beginning of financial year	**(2,619)**	**(360)**	**(1,579)**	**(4,558)**
Currency translation differences	**(68)**	**(66)**	**(130)**	**(264)**
(Credited)/charged to income statement	**(585)**	**222**	**490**	**127**
End of financial year	**(3,272)**	**(204)**	**(1,219)**	**(4,695)**
2019				
Beginning of financial year	(2,683)	(398)	(299)	(3,380)
Currency translation differences	23	42	(19)	46
Charged/(credited) to income statement	41	(4)	(1,261)	(1,224)
End of financial year	(2,619)	(360)	(1,579)	(4,558)

The Group has unrecognised tax losses of $24,280,000 (2019: $29,090,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date except for amounts of $18,330,000 (2019: $19,550,000) which will expire between 2021 to 2025 (2019: 2020 to 2024).

The cumulative retained earnings of $37,832,000 (2019: $32,067,000) for which deferred tax liabilities arising on temporary differences associated with overseas investments in subsidiaries have not been recognised as there is no current intention of remitting the retained earnings of these subsidiaries to the holding company in the foreseeable future.

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

9. EARNINGS PER SHARE

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

	Group	
	2020	2019
Net profit attributable to equity holders of the Company ($'000)	**19,155**	12,956
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**291,750**	292,296
Basic earnings per share	**6.57 cents**	4.43 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**74,895**	49,541	**5,334**	5,700
Short-term bank deposits	**9,725**	6,851	**-**	-
	84,620	56,392	**5,334**	5,700

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

	Group	
	2020	2019
	$'000	$'000
Cash and bank balances (as above)	**84,620**	56,392
Less: Bank overdrafts (Note 22)	**(108)**	(1,577)
Cash and bank balances per consolidated statement of cash flows	**84,512**	54,815

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**69,403**	74,305	**-**	-
- An associated company	**2,027**	1,592	**-**	-
	71,430	75,897	**-**	-
Less: Credit loss allowance	**(5,255)**	(4,533)	**-**	-
Trade receivables – net	**66,175**	71,364	**-**	-
Due from subsidiaries (non-trade) [Note (a)]	**-**	-	**27,520**	29,829
Deposits	**1,371**	1,352	**-**	-
Prepayments	**9,051**	7,092	**10**	10
Lease receivables	**818**	840	**-**	-
Other receivables	**2,394**	2,414	**20**	12
Tax recoverable assets [Note 8(b)]	**592**	492	**-**	-
Total	**80,401**	83,554	**27,550**	29,851

Trade receivables as at 1 January 2019 amounted to $85,591,000, net of credit loss of $4,105,000.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. INVENTORIES

	Group	
	2020	2019
	$'000	$'000
Materials and supplies	**8,226**	11,490
Work-in-progress	**6,688**	4,677
Finished goods	**87,167**	103,575
	102,081	119,742

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $300,523,000 (2019: $ 328,094,000).

The Group has written down inventories amounting to $2,414,000 (2019: $ 1,254,000) and the amount has been included in "cost of sales".

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount	**Group Fair value**	
		Asset	**Liability**
	$'000	**$'000**	**$'000**
2020			
Non-hedging instruments			
– Currency forwards		-	1,076
Less: Current portion	**26,638**	-	(1,076)
Non-current portion		-	-

	Contract notional amount	**Group Fair value**	
		Asset	**Liability**
	$'000	**$'000**	**$'000**
2019			
Non-hedging instruments			
- Currency forwards	3,429	6	-
Less: Current portion		(6)	-
Non-current portion		-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2020	2019
	$'000	$'000
Carrying value of Group's investment in an associated company	**23,143**	19,619

Set out below is the associated company of the Group as at 31 December 2020, which, in the opinion of the directors, is material to the Group. The associated company as listed below has share capital consisting solely of ordinary shares, which is held directly by the Group and the country of incorporation is also their principal place of business.

Name	Principal activities	Country of business/ incorporation	Effective equity holding	
			2020	2019
			%	%
Held by a subsidiary:				
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 2020

14. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

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

Summarised balance sheet

	2020	2019
	$'000	$'000
Current assets	72,797	60,053
Current liabilities	(27,834)	(26,575)
Non-current assets	31,949	29,155
Non-current liabilities	(11,738)	(7,384)
Net assets	**65,174**	55,249

Summarised statement of comprehensive income

	2020	2019
	$'000	$'000
Revenue	84,538	87,415
Expenses		
Includes:		
- Depreciation and amortisation	(4,329)	(3,874)
- Interest expense	(183)	(146)
Profit before income tax	**9,504**	8,939
Income tax expense	(2,065)	(496)
Profit for the year and total comprehensive income	**7,439**	8,443
Dividends received from an associated company	**1,148**	1,130

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 2020

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, is as follows:

	2020	2019
	$'000	$'000
Net assets		
Beginning of financial year	**55,249**	52,461
Profit for the year	**7,439**	8,443
Dividends paid during the year	**(3,234)**	(3,182)
Foreign exchange differences	**5,720**	(2,473)
End of financial year	**65,174**	55,249
Interest in an associated company	**23,143**	19,619
Carrying value of Group's investment in an associated company	**23,143**	19,619

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	$'000	$'000
Equity investment at cost		
Beginning of financial year	**100,325**	100,325
Additions	**2,152**	-
Disposals	**(270)**	-
End of financial year	**102,207**	100,325

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2020 and 2019:

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	
			2020	2019	**2020**	2019	**2020**	2019
Held by the Company:			**%**	%	**%**	%	**%**	%
(a) YHI Manufacturing (Singapore) Pte Ltd	Investment holding, import and export of alloy wheels and related goods	Singapore	**100**	100	**100**	100	**-**	-
(a) YHI Corporation (Singapore) Pte Ltd	Importer, exporter and distributor of tyres, alloy wheels and related goods and industrial batteries	Singapore	**100**	100	**100**	100	**-**	-
(b) YHI (Malaysia) Sdn Bhd	Importer and distributor of tyres, alloy wheels and related goods and industrial batteries	Malaysia	**100**	100	**100**	100	**-**	-
(c) YHI (China) Strategy Company Limited	Investment holding and trading of batteries	Hong Kong	**100**	100	**100**	100	**-**	-
(c) YHI (Hong Kong) Co., Limited	Trading of tyres, alloy wheels and batteries	Hong Kong	**100**	100	**100**	100	**-**	-
(d) YHI International (Taiwan) Co., Ltd.	Manufacturing, distribution and export of alloy wheels	Taiwan	**100**	100	**100**	100	**-**	-
(e) YHI (Australia) Pty Limited	Importer and distributor of tyres, alloy wheels and related goods	Australia	**80**	80	**80**	80	**20**	20
(f) YHI (New Zealand) Limited	Importer and distributor of tyres, alloy wheels and related goods	New Zealand	**85**	70	**85**	70	**15**	30
(g) YHI Power Pty Limited	Importer and distributor of industrial batteries	Australia	**80**	85	**80**	85	**20**	15
(a) YHI Logistics (Singapore) Pte Ltd*	Investment holding and value-added logistics provider	Singapore	**100**	100	**100**	100	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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	
				2020	2019	**2020**	2019	**2020**	2019
	Held by the subsidiaries:			**%**	%	**%**	%	**%**	%
(h)	YHI Manufacturing (Shanghai) Co., Ltd	Rental of investment property	People's Republic of China	**-**	-	**100**	100	**-**	-
(h)	YHI Precision Moulding (Shanghai) Co., Ltd*	Manufacturing and supply of alloy wheels moulds	People's Republic of China	**-**	-	**100**	100	**-**	-
(h), (i)	YHI Advanti Manufacturing (Suzhou) Co., Ltd	Manufacturing, distribution and export of alloy wheels	People's Republic of China	**-**	-	**100**	100	**-**	-
(b)	YHI Manufacturing (Malaysia) Sdn Bhd	Manufacturing, distribution and export of alloy wheels	Malaysia	**-**	-	**100**	100	**-**	-
(a)	YHI (America) Pte Ltd	Investment holding	Singapore	**-**	-	**100**	100	**-**	-
(l)	Pan-Mar Corporation D/B/A Konig (American)	Importer, exporter and distributor of tyres, alloy wheels and related goods	United States of America	**-**	-	**95**	95	**5**	5
(j)	YHI Corporation (Thailand) Co., Ltd	Distribution of tyres, alloy wheels and related goods	Thailand	**-**	-	**49**	49	**51**	51
(b)	Evo-Trend Corporation (Malaysia) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Malaysia	**-**	-	**70**	70	**30**	30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 directly held by Group		Proportion of ordinary shares held by non-controlling interest	
			2020	2019	**2020**	2019	**2020**	2019
Held by the subsidiaries (continued):			**%**	%	**%**	%	**%**	%
(k) YHI Corporation (Guangzhou) Co., Ltd	Distribution of tyres, alloy wheels and related goods	People's Republic of China	**-**	-	**100**	100	**-**	-
(m) Advanti Racing USA, LLC	Wholesale distribution of automotive parts, tyres and accessories	United States of America	**-**	-	**86**	86	**14**	14
(n) PT YHI Indonesia	Distribution of tyres, alloy wheels and related goods	Indonesia	**-**	-	**90**	90	**10**	10
(o) YHI Corporation (B) Sdn Bhd	Distribution of tyres, alloy wheels and related goods	Negara Brunei Darussalam	**-**	-	**100**	100	**-**	-
(h) YHI Corporation (Shanghai) Co., Ltd	Distribution of tyres, alloy wheels and related goods	People's Republic of China	**-**	-	**90**	90	**10**	10
(b) YHI (East Malaysia) Sdn Bhd	Trading of tyres, rims and all kinds of auto spare parts	Malaysia	**-**	-	**80**	80	**20**	20
(b) YHI Power (Malaysia) Sdn Bhd	Trading of batteries, golf carts and all kinds of auto spare parts	Malaysia	**-**	-	**100**	100	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
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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	
			2020	2019	**2020**	2019	**2020**	2019
Held by the subsidiaries (continued):			**%**	%	**%**	%	**%**	%
(h) YHI Advanti (Shanghai) Co., Ltd	Importer, exporter and distributor of alloy wheels and related goods	People's Republic of China	**-**	-	**100**	100	**-**	-
(b) YHI Advanti Manufacturing (Malaysia) Sdn Bhd	Manufacturing, distribution and export of alloy wheels	Malaysia	**-**	-	**100**	100	**-**	-
(p) YHI (Vietnam) Co., Ltd	Distribution of tyres, alloy wheels and related goods	Vietnam	**-**	-	**90**	90	**10**	10
(q) YHI (Philippines) Inc.	Distribution of tyres, alloy wheels and related goods	Philippines	**-**	-	**100**	100	**-**	-
(b) YHI Logistics (Malaysia) Sdn Bhd*	Value-added logistics provider	Malaysia	**-**	-	**94**	94	**6**	6
(r) YHI Aung (Myanmar) Company Limited	Consultancy services, technology related services and marketing services	Myanmar	**-**	-	**51**	51	**49**	49
(s) YHI Distribution (Taiwan) Co., Ltd	Importer and distributor of tyres	Taiwan	**-**	-	**80**	80	**20**	20

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15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Audited by PricewaterhouseCoopers LLP, Singapore

(b) Audited by SE Lai CK Chartered Accountants, Malaysia

(c) Audited by Wilson Ho & Co. C.P.A., Hong Kong

(d) Audited by KPMG, Taiwan

(e) Audited by Littlewoods Chartered Accountant, Australia

(f) Audited by PricewaterhouseCoopers, New Zealand

(g) Audited by Lamb Lowe & Partners, Australia

(h) Audited by Shanghai Weizhong Yongguang Certified Public Accountants Co., Ltd, China

(i) Audited by PricewaterhouseCoopers network firms outside Singapore for the purposes of preparation of consolidated financial statements

(j) YHI Corporation (Thailand) Co Ltd ("YHIT") is regarded as a subsidiary on the basis of majority representation on the board of directors of YHIT (i.e. de-facto control). Hence, the Group has power over the subsidiary, exposure to variable returns from its involvement with the subsidiary and has the ability to use its power over the subsidiary to affect its returns. This subsidiary is audited by Adisorn & Associates Ltd, Thailand

(k) Audited by Guangzhou Tianhe Kuaixin Certified Public Accountant Co., Ltd for local statutory purposes. For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Wilson Ho & Co. C.P.A., Hong Kong

(l) Audited by Moss-Levy Hartzheim, LLP CAP's, United States of America

(m) Not required to be audited under laws of the country of incorporation

(n) Audited by Krisnawan Nugroho & Fahmy, Indonesia

(o) Audited by Lee & Raman (CPA), Brunei Darussalam

(p) Audited by Tin Viet Auditing and Consulting Company Limited, Vietnam

(q) Audited by Morfe, Ceneta & Co., Certified Public Accountants, Philippines

(r) Audited by Authentic International Advisory (AIA) Co., Ltd, Yangon

(s) Audited by Horng Yow & Co., CPAS, Taiwan

* Dormant

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

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Carrying value of non-controlling interests

	2020	2019
	$'000	$'000
YHI (Australia) Pty Limited	**4,272**	4,109
YHI (New Zealand) Limited	**2,440**	4,297
YHI Power Pty Limited	**1,840**	1,072
Other subsidiaries with immaterial non-controlling interests	**(356)**	560
	8,196	10,038

Summarised financial information of subsidiaries with material non-controlling interests

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

Summarised balance sheet

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		YHI Power Pty Limited	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current						
Assets	**23,855**	29,278	**24,363**	23,554	**18,950**	14,207
Liabilities	**(10,434)**	(17,802)	**(4,484)**	(5,582)	**(11,157)**	(8,423)
Total current net assets	**13,421**	11,476	**19,879**	17,972	**7,793**	5,784
Non-current						
Assets	**8,208**	5,382	**7,381**	9,306	**3,743**	3,330
Liabilities	**(5,355)**	(2,535)	**(5,899)**	(6,731)	**(2,239)**	(1,966)
Total non-current net assets	**2,853**	2,847	**1,482**	2,575	**1,504**	1,364
Net assets	**16,274**	14,323	**21,361**	20,547	**9,297**	7,148

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		YHI Power Pty Limited	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**47,859**	47,036	**36,451**	34,601	**45,045**	39,237
Profit/(loss) before income tax	**2,645**	1,854	**738**	(2,627)	**3,676**	2,162
Income tax expense	**(746)**	(529)	**-**	(823)	**(1,107)**	(655)
Profit/(loss) for the year and total comprehensive income	**1,899**	1,325	**738**	(3,450)	**2,569**	1,507
Total comprehensive income/(loss) allocated to non-controlling interests	**285**	398	**148**	(690)	**514**	226
Dividends paid to non-controlling interests	**222**	265	**286**	-	**159**	-

Summarised cash flows

	YHI (New Zealand) Limited		YHI (Australia) Pty Limited		YHI Power Pty Limited	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Net cash generated from operating activities	**9,742**	1,516	**8,849**	1,864	**3,281**	2,311
Net cash (used in)/generated from investing activities	**(278)**	(169)	**(1,178)**	179	**(906)**	(1,858)
Net cash used in financing activities	**(10,121)**	(1,826)	**(3,904)**	(3,165)	**(1,755)**	(519)
Net (decrease)/increase in cash and bank balances	**(657)**	(479)	**3,767**	(1,122)	**620**	(66)
Cash and bank balances at beginning of year	**955**	1,448	**2,248**	3,435	**504**	580
Exchange gains/(losses) on cash and bank balances	**47**	(14)	**170**	(65)	**38**	(10)
Cash and bank balances at end of year	**345**	955	**6,185**	2,248	**1,162**	504

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of additional interest in a subsidiary

On 3 August 2020, the Company acquired 15% of the issued shares of YHI (New Zealand) Limited for a purchase consideration of $2,152,000. The Group now holds 85% of the equity share capital of YHI (New Zealand) Limited. The carrying amount of the non-controlling interests in YHI (New Zealand) Limited on the date of acquisition was $2,158,000. The Group derecognised non-controlling interests of $2,158,000 and recorded an increase in equity attributable to owners of the parent of $6,000. The effect of changes in the ownership interest of YHI (New Zealand) Limited on the equity attributable to owners of the Company during the year is summarised as follows:

	2020
	$'000
Carrying amount of non-controlling interest acquired	2,158
Consideration paid to non-controlling interest	(2,152)
Excess of consideration paid recognised in parent's equity	6

(b) Disposal of interest in a subsidiary without loss of control

On 6 July 2020, the Company disposed of a 5% equity interest in YHI Power Pty Limited at a consideration of $186,000. Following the disposal, the Company still controls YHI Power Pty Limited, retaining 80% of the equity interests. The carrying amount of the non-controlling interest in YHI Power Pty Limited on the date of disposal was $1,002,000 (representing the 15% interest). This resulted in an increase in non-controlling interest of $334,000 and a decrease in equity attributable to owner of the parent of $148,000. The effect of changes in the ownership interest of YHI Power Pty Limited on the equity attributable to owners of the Company during the year is summarised as follow:

	2020
	$'000
Carrying amount of interests in subsidiary disposed of	334
Consideration received from non-controlling interests	(186)
Excess of carrying value disposed over consideration received, recognised in parent's equity	148

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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										
2020										
Cost										
Beginning of financial year	9,180	1,822	54,985	106,681	7,662	1,575	3,342	1,610	1,422	188,279
Currency translation differences	(8)	(2)	723	3,584	252	25	132	17	70	4,793
Additions	-	-	9	1,577	754	204	192	23	830	3,589
Disposals	-	-	-	(8,699)	(551)	-	(88)	(3)	-	(9,341)
Reclassification	-	-	-	2,322	-	-	-	-	(2,322)	-
Reclassified from right-of-use assets (Note 17)	-	-	-	-	36	-	-	-	-	36
End of financial year	9,172	1,820	55,717	105,465	8,153	1,804	3,578	1,647	-	187,356
Accumulated depreciation and impairment loss										
Beginning of financial year	-	58	14,008	89,944	5,568	1,024	2,922	1,256	-	114,780
Currency translation differences	-	1	162	3,341	181	15	122	15	-	3,837
Depreciation	-	17	1,743	5,616	757	137	289	132	-	8,691
Disposals	-	-	-	(7,648)	(539)	-	(66)	(3)	-	(8,256)
Reclassified from right-of-use assets (Note 17)	-	-	-	-	26	-	-	-	-	26
End of financial year	-	76	15,913	91,253	5,993	1,176	3,267	1,400	-	119,078
Net book value										
End of financial year	**9,172**	**1,744**	**39,804**	**14,212**	**2,160**	**628**	**311**	**247**	**-**	**68,278**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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										
2019										
Cost										
Beginning of financial year	9,201	1,825	60,773	107,907	7,474	1,502	3,374	1,588	47	193,691
Currency translation differences	(21)	(3)	(546)	(2,084)	(66)	(7)	(70)	(10)	2	(2,805)
Additions	-	-	38	1,885	535	85	168	285	1,932	4,928
Disposals	-	-	-	(1,027)	(191)	(5)	(130)	(253)	(559)	(2,165)
Reclassified to right-of-use assets (Note 17)	-	-	(5,280)	-	(90)	-	-	-	-	(5,370)
End of financial year	9,180	1,822	54,985	106,681	7,662	1,575	3,342	1,610	1,422	188,279
Accumulated depreciation and impairment loss										
Beginning of financial year	-	38	13,585	85,409	4,897	905	2,742	1,116	-	108,692
Currency translation differences	-	1	(305)	(1,836)	(41)	(3)	(53)	(7)	-	(2,244)
Depreciation	-	19	2,006	7,169	899	122	345	150	-	10,710
Disposals	-	-	-	(798)	(160)	-	(112)	(3)	-	(1,073)
Reclassified to right-of-use assets (Note 17)	-	-	(1,278)	-	(27)	-	-	-	-	(1,305)
End of financial year	-	58	14,008	89,944	5,568	1,024	2,922	1,256	-	114,780
Net book value										
End of financial year	**9,180**	**1,764**	**40,977**	**16,737**	**2,094**	**551**	**420**	**354**	**1,422**	**73,499**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicle	
	2020	2019
	$'000	$'000
Company		
Cost		
Beginning and end of financial year	**352**	352
Accumulated depreciation		
Beginning of financial year	**350**	332
Depreciation charge	**2**	18
End of financial year	**352**	350
Net book value		
End of financial year	**-**	2

(a) Bank borrowings (Note 22) are secured on property, plant and equipment of the Group with carrying amounts as follows:

	Group	
	2020	2019
	$'000	$'000
Freehold land	**505**	506
Buildings on freehold land	**419**	437
Leasehold properties	**20,451**	21,562
Plant and machinery	**290**	360
Office equipment	**1,654**	1,415
	23,319	24,280

17. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Buildings

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

Leasehold land

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

Nature of the Group's leasing activities (continued)

Vehicles and equipment

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

(a) Right-of-use assets

	Leasehold land	Office and warehouse	Motor vehicles	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2020					
Cost					
As at 1 January 2020	13,257	20,798	843	197	35,095
Reclassification to property, plant and equipment (Note 16)	-	-	(36)	-	(36)
Currency translation differences	212	1,057	36	9	1,314
Additions	-	6,943	127	39	7,109
Disposal	-	(2,343)	(30)	(33)	(2,406)
End of financial year	13,469	26,455	940	212	41,076
Accumulated depreciation					
As at 1 January 2020	1,795	5,332	333	66	7,526
Reclassification to property, plant and equipment (Note 16)	-	-	(26)	-	(26)
Currency translation differences	48	486	28	6	568
Depreciation charge during the year (Note 5)	615	5,756	286	63	6,720
Disposal	-	(2,322)	(30)	(12)	(2,364)
End of financial year	2,458	9,252	591	123	12,424
Net book value					
End of financial year	**11,011**	**17,203**	**349**	**89**	**28,652**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

	Leasehold land	Office and warehouse	Motor vehicles	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2019					
Cost					
Adoption of SFRS(I) 16	7,970	20,472	471	175	29,088
Reclassification from property, plant and equipment (Note 16)	5,280	-	90	-	5,370
Currency translation differences	7	(303)	(5)	(2)	(303)
Additions	-	629	287	24	940
End of financial year	13,257	20,798	843	197	35,095
Accumulated depreciation					
As at 1 January 2020	-	-	-	-	-
Reclassification from property, plant and equipment (Note 16)	1,278	-	27	-	1,305
Currency translation differences	4	(8)	2	-	(2)
Depreciation charge during the year (Note 5)	513	5,340	304	66	6,223
End of financial year	1,795	5,332	333	66	7,526
Net book value					
End of financial year	**11,462**	**15,466**	**510**	**131**	**27,569**

	2020	2019
	$'000	$'000
(b) *Lease liabilities*		
Current	**5,338**	5,456
Non-current	**20,378**	18,715
	25,716	24,171

	2020	2019
	$'000	$'000
(c) *Interest expense*		
Interest expense on lease liabilities	**1,074**	1,054

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

		2020	2019
		$'000	$'000
(d)	***Lease expense not capitalised in lease liabilities***		
	Lease expense – short-term leases	**15**	85
	Variable lease payments which do not depend on an index or rate	**235**	273
	Total (Note 5)	**250**	358

(e) Total cash outflow for all the leases in 2020 was $7,774,000 (2019: $7,069,000).

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

i. Variable lease payments

The leases for certain warehouses contain variable lease payments that are based on area occupied. Such variable lease payments are recognised to profit or loss when incurred and amounted to $235,000 (2019: $273,000) [Note 17(d)] for the financial year ended 31 December 2020.

ii. Extension options

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

As at 31 December 2020, potential future (undiscounted) cash outflows of approximately $7,295,000 (2019: $15,102,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

18. LEASES – THE GROUP AS A LESSOR

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

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

Rental income from investment property is disclosed in Note 19.

The lease on the investment property includes fixed rate rental adjustment of 6% (2019: 6%) at every three years. Undiscounted lease payments from the leases of buggies and investment property to be received after the reporting date are as follows:

	31 December 2020	31 December 2019
	$'000	$'000
Less than one year	**3,299**	3,189
One to two years	**3,092**	3,155
Two to three years	**3,049**	3,045
Three to four years	**3,137**	3,011
Four to five years	**3,137**	3,099
Later than five years	**4,894**	7,933
Total undiscounted lease payment	**20,608**	23,432

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. INVESTMENT PROPERTY

	Group	
	2020	2019
	$'000	$'000
Cost		
Beginning of financial year	**16,017**	16,554
Currency translation differences	**784**	(537)
End of financial year	**16,801**	16,017
Accumulated depreciation		
Beginning of financial year	**6,410**	6,220
Currency translation differences	**326**	(208)
Depreciation (Note 5)	**403**	398
End of financial year	**7,139**	6,410
Net book value		
End of financial year	**9,662**	9,607
Fair value		
End of financial year	**26,114**	27,855

The following amounts are recognised in profit or loss:

	Group	
	2020	2019
	$'000	$'000
Rental income	**2,834**	2,799
Direct operating expenses arising from:		
- Investment property that generate rental income	**(49)**	(62)

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. INTANGIBLE ASSETS

Composition:

	Group	
	2020	2019
	$'000	$'000
Goodwill arising on consolidation [Note (a)]	**1,673**	1,666
Trademark [Note (b)]	**1,055**	1,117
Computer software [Note (c)]	**798**	1,178
	3,526	3,961

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

(a) Goodwill arising on consolidation

	Group	
	2020	2019
	$'000	$'000
Cost		
Beginning of financial year	**2,436**	2,438
Currency translation differences	**7**	(2)
End of financial year	**2,443**	2,436
Accumulated impairment		
Beginning and end of financial year	**770**	770
Net book value	**1,673**	1,666

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	
	2020	2019
	$'000	$'000
Singapore	**881**	881
Malaysia	**505**	505
China/Hong Kong	**59**	59
New Zealand	**228**	221
	1,673	1,666

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on consolidation (continued)

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			
	2020		2019	
	Singapore	**Malaysia**	Singapore	Malaysia
Terminal growth rate	**2.0%**	**2.0%**	2.0%	2.0%
Pre-tax discount rate	**9.5%**	**11.0%**	9.6%	11.2%

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

(b) Trademark

	Group	
	2020	2019
	$'000	$'000
Cost		
Beginning and end of financial year	**1,861**	1,861
Accumulated amortisation		
Beginning of financial year	**744**	683
Amortisation charge (Note 5)	**62**	61
End of financial year	**806**	744
Net book value	**1,055**	1,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. INTANGIBLE ASSETS (CONTINUED)

(c) Computer software

	Group	
	2020	2019
	$'000	$'000
Cost		
Beginning of financial year	**2,297**	2,301
Currency translation differences	**64**	(6)
Additions	**9**	2
End of financial year	**2,370**	2,297
Accumulated amortisation		
Beginning of financial year	**1,119**	702
Currency translation differences	**36**	3
Amortisation charge (Note 5)	**417**	414
End of financial year	**1,572**	1,119
Net book value	**798**	1,178

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade payables to				
- Non-related parties	**21,441**	15,392	**-**	-
- An associated company	**29**	25	**-**	-
	21,470	15,417	**-**	-
Due to directors (non-trade) [Note (a)]	**1,320**	804	**1,320**	804
Accrued operating expenses	**7,306**	7,279	**551**	549
Provision for employees leave benefits [Note (b)]	**2,563**	2,344	**-**	-
Other payables	**8,425**	7,910	**31**	15
Deferred government grant	**318**	-	**-**	-
Contract liabilities [Note (c)]	**1,333**	551	**-**	-
	42,735	34,305	**1,902**	1,368

(a) This amount relates primarily to performance bonus payable to the Executive Director of the Company based on the results of the financial year ended pursuant to the service agreement between the Executive Director and the Company.

(b) The non-current portion of employees leave benefits amount to $160,000 (2019: $160,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. TRADE AND OTHER PAYABLES (CONTINUED)

(c) *Revenue recognised in relation to contract liabilities*

	2020	2019
	$'000	$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period	**551**	925

The contract liabilities relate to advance payments received from customers before the goods are delivered to them. Revenue will be recognised when the goods are delivered to the customers. Contract liabilities balance as at 1 January 2019 was $925,000.

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

22. BORROWINGS

	Group	
	2020	2019
	$'000	$'000
Current		
Current portion of long-term bank loans	**469**	4,673
Short-term bank loans	**25,318**	33,031
Trust receipt loans	**16,836**	27,638
Bank overdrafts (Note 10)	**108**	1,577
	42,731	66,919
Non-current		
Long-term bank loans	**5,291**	3,797
	5,291	3,797
Total borrowings	**48,022**	70,716

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

	Group	
	2020	2019
	$'000	$'000
1 year or less	**43,022**	70,716

Security granted

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

(i) Borrowings of $21,112,000 (2019: $36,805,000) are secured over a fixed and floating charge on all the assets of certain subsidiaries; and

(ii) Borrowings of $20,000 (2019: $1,503,000) are secured over banker's guarantees, up to $4.4 million (2019: $4.4 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 (i) above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	’000	’000	$’000	$’000
2020				
Beginning of financial year	**292,296**	**-**	**77,001**	**-**
Treasury shares purchased	-	(1,896)	-	(671)
End of financial year	**292,296**	**(1,896)**	**77,001**	**(671)**
2019				
Beginning and end of financial year	**292,296**	**-**	**77,001**	**-**

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

The Company acquired 1,896,000 (2019: Nil) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $671,000 (2019: Nil) and this was presented as a component within shareholder’s equity.

24. OTHER RESERVES

	Group	
	2020	2019
	$’000	$’000
(a) Composition:		
General reserve	**7,729**	7,553
Currency translation reserve	**(971)**	(8,671)
Transactions with non-controlling interests	**(2,352)**	(2,210)
	4,406	(3,328)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24. OTHER RESERVES (CONTINUED)

Other reserves are non-distributable.

	Group	
	2020	2019
	$'000	$'000
(b) Movements:		
(i) General reserve		
Beginning of financial year	**7,553**	7,463
Currency translation differences	**3**	6
Transfer from retained profits	**173**	84
End of financial year	**7,729**	7,553
(ii) Currency translation reserve		
Beginning of financial year	**(8,671)**	(5,463)
Currency translation differences	**7,700**	(3,208)
End of financial year	**(971)**	(8,671)
(iii) Transactions with non-controlling interests		
Beginning of financial year	**(2,210)**	(2,210)
Disposal of interest in subsidiary without change in control	**(148)**	-
Acquisition of additional interest in subsidiary	**6**	-
End of financial year	**(2,352)**	(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.

Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. RETAINED PROFITS

(a) Retained profits of the Group are distributable except for accumulated share of retained profits of associated company amounting to $14,215,000 (2019: $11,659,000). Retained profits of the Company are distributable.

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

	Company	
	2020	2019
	$'000	$'000
Beginning of financial year	**57,509**	61,063
Net profit	**5,839**	3,315
Dividends paid (Note 26)	**(6,489)**	(6,869)
End of financial year	**56,859**	57,509

26. DIVIDENDS

	Group and Company	
	2020	2019
	$'000	$'000
Ordinary dividends paid or proposed		
Final exempt dividend paid in respect of the previous financial year of 2.22 cent (2019: 2.35 cent) per share	**6,489**	6,869

A final exempt dividend of 3.30 cent per share amounting to a total of $9,583,000 will be recommended at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

27. COMMITMENTS

Capital commitments

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

	Group 31 December	
	2020	2019
	$'000	$'000
Property, plant and equipment	**730**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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").

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, where appropriate. As at 31 December 2020, 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**
At 31 December 2020						
Financial assets						
Cash and bank balances	33,095	8,435	7,347	13,913	329	4,143
Trade and other receivables	10,470	11,671	13,304	3,466	6,410	2,175
Inter-company balances	11,783	12,348	430	17,515	281	-
	55,348	32,454	21,081	34,894	7,020	6,318
Financial liabilities						
Borrowings	3,028	-	6,955	2,291	2,157	4,189
Inter-company balances	11,783	12,348	430	17,515	281	-
Trade and other payables	7,960	8,216	4,654	3,824	4,625	164
Lease liabilities	1,112	-	9,741	2,745	6,854	-
	23,883	20,564	21,780	26,375	13,917	4,353
Net financial assets/(liabilities)	31,465	11,890	(699)	8,519	(6,897)	1,965
Currency forwards	2,165	-	874	-	-	6
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	2,233	(10,426)	620	(7,979)	7,178	-
Currency exposure on financial assets	**35,863**	**1,464**	**795**	**540**	**281**	**1,971**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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**
At 31 December 2019						
Financial assets						
Cash and bank balances	12,339	12,686	2,752	8,235	935	3,792
Trade and other receivables	10,875	9,664	12,143	5,220	6,709	3,892
Inter-company balances	15,664	14,449	1,267	18,394	248	-
	38,878	36,799	16,162	31,849	7,892	7,684
Financial liabilities						
Borrowings	4,767	2,536	5,257	3,669	9,480	9,033
Inter-company balances	15,664	14,449	1,267	18,394	248	-
Trade and other payables	6,874	5,634	3,320	3,289	3,686	319
Lease liabilities	1,630	-	10,979	1,010	4,003	-
	28,935	22,619	20,823	26,362	17,417	9,352
Net financial assets/(liabilities)	9,943	14,180	(4,661)	5,487	(9,525)	(1,668)
Currency forwards	2,076	-	812	-	-	(540)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	5,267	(12,661)	5,024	(5,118)	9,772	-
Currency exposure on financial assets/(liabilities)	**17,286**	**1,519**	**1,175**	**369**	**247**	**(2,208)**

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)

(i) *Currency risk* (continued)

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

	31 December 2020		31 December 2019	
	USD	**AUD**	USD	AUD
	$'000	**$'000**	$'000	$'000
Financial assets				
Cash and bank balances	**834**	**-**	372	-
Trade and other receivables	**44**	**341**	2	1,053
	878	**341**	374	1,053
Financial liabilities				
Borrowings	**-**	**-**	-	-
Trade and other payables	**-**	**-**	-	-
	-	**-**	-	-
Net financial assets	**878**	**341**	374	1,053
Less: Net financial assets denominated in functional currency	**-**	**-**	-	-
Currency exposure on financial assets	**878**	**341**	374	1,053

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2.0% (2019: 1.1%), 0.9% (2019: 3.2%), 1.1% (2019: 5.9%), 0.1% (2019: 1.5%), 0.6% (2019: 3.7%) and 2.1% (2019: 4.1%) 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) → 31 December	
	2020	2019
	Profit after tax	Profit after tax
	$'000	$'000
Group		
USD against SGD		
- Strengthened	**595**	158
- Weakened	**(595)**	(158)
RMB against SGD		
- Strengthened	**11**	40
- Weakened	**(11)**	(40)
AUD against SGD		
- Strengthened	**7**	58
- Weakened	**(7)**	(58)
MYR against SGD		
- Strengthened	**1**	5
- Weakened	**(1)**	(5)
NZD against SGD		
- Strengthened	**1**	8
- Weakened	**(1)**	(8)
EUR against SGD		
- Strengthened	**34**	(75)
- Weakened	**(34)**	75

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

Reasonable possible change in the currency exchange rates does not have significant effects on the results of the equity of the Company.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's policy is to maintain its borrowings to the extent possible in short-term 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 SGD, AUD, RMB, NZD and MYR. If the SGD, AUD, RMB, NZD and MYR interest rates per annum increase/decrease by 1.1% (2019: 0.4%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by $112,000 (2019: $71,000), $65,000 (2019: $17,000), $6,000 (2019: $14,000), $20,000 (2019: $30,000) and $82,000 (2019: $44,000) 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 collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective Head of Companies of the various subsidiaries based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by Group Finance.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company 31 December	
	2020	2019
	$'000	$'000
Corporate guarantees provided to banks on subsidiaries' loans	**47,378**	68,430

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

The trade receivables at the Group comprise 3 debtors (2019: 3 debtors) that individually represent 3-9% (2019: 2-5%) of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 31 December	
	2020	2019
	$'000	$'000
By geographical areas		
Australia	**12,779**	11,675
Germany	**4,116**	5,653
Indonesia	**2,452**	3,152
Italy	**2,101**	1,709
Malaysia	**2,762**	4,846
New Zealand	**6,394**	6,690
People's Republic of China	**2,890**	3,478
Singapore	**10,090**	11,395
Sweden	**714**	942
Taiwan	**2,661**	2,622
Thailand	**1,238**	1,674
United Kingdom	**594**	1,170
United States	**7,939**	5,218
Other countries	**9,445**	11,140
	66,175	71,364
By types of customers		
Non-related parties	**64,148**	69,772
A related party	**2,027**	1,592
	66,175	71,364

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables
	$'000
Group	
Balance at 1 January 2020	4,533
Credit loss allowance recognised in profit or loss during the year on:	
- Allowances made	1,792
- Reversal of unutilised amounts	(447)
	1,345
Receivables written off as uncollectible	(737)
Currency translation difference	114
Balance at 31 December 2020	5,255
Balance at 1 January 2019	4,105
Credit loss allowance recognised in profit or loss during the year on:	
- Allowances made	1,252
- Reversal of unutilised amounts	(315)
	937
Receivables written off as uncollectible	(523)
Currency translation difference	14
Balance at 31 December 2019	4,533

Lease receivables and other receivables are subject to immaterial credit loss.

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and debtor aging profile.

In calculating the expected credit loss rates for each debtor aging band, the Group considers historical loss rates for each group of customers and where required, adjusts to reflect applicable current and forward looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2020 and 2019, management has identified certain specific debtors from distribution segment to be credit impaired as they experienced significant financial difficulties or are in the process of liquidation. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) *Trade receivables* (continued)

	31 December 2020	31 December 2019
	$'000	$'000
Group		
Gross carrying amount	**4,490**	3,108
Less: credit loss allowance	**(4,490)**	(3,108)
Carrying amount net of allowance	**-**	-

The Group's credit risk exposure in relation to trade receivables presented using debtor's aging based on invoice date as at 31 December 2020 and 2019 are set out as follows:

	Within 30 days	**30 to 60 days**	**60 to 90 days**	**90 to 120 days**	**More than 120 days**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
As at 31 December 2020						
Distribution						
Expected credit loss rate	0.2%	0.3%	0.6%	1.6%	28.3%	
Trade receivables	26,962	12,551	5,623	1,841	2,131	49,108
Credit loss allowance	45	43	34	30	604	756
Manufacturing						
Expected credit loss rate	0.1%	0.1%	0.1%	0.3%	10.0%	
Trade receivables	7,302	5,520	4,594	386	30	17,832
Credit loss allowance	1	1	3	1	3	9

	Within 30 days	**30 to 60 days**	**60 to 90 days**	**90 to 120 days**	**More than 120 days**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
As at 31 December 2019						
Distribution						
Expected credit loss rate	0.1%	0.1%	0.3%	3.2%	29.0%	
Trade receivables	26,535	12,954	7,382	2,372	4,065	53,308
Credit loss allowance	22	15	22	77	1,180	1,316
Manufacturing						
Expected credit loss rate	0.1%	0.1%	0.1%	0.5%	10.7%	
Trade receivables	9,879	4,140	3,584	1,035	843	19,481
Credit loss allowance	7	4	3	5	90	109

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Cash and bank balances

The Group and Company held cash and bank balances of $84,620,000 and $5,334,000 respectively (2019: $56,392,000 and $5,700,000) with banks which are rated AAA and AA+ based on Standard & Poor and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iii) Non-trade receivables due from subsidiaries

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual obligations of $27,520,000 (2019: $29,829,000) and considered to have low credit risk. The non-trade receivables are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) Liquidity risk

The Group and Company manage liquidity risk by maintaining sufficient cash and other financial assets to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 10.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	Over 5 years
	$'000	$'000	$'000
Group			
At 31 December 2020			
Trade and other payables	38,521	-	-
Lease liabilities	5,775	13,550	9,707
Borrowings	42,931	5,390	-
	87,227	18,940	9,707
At 31 December 2019			
Trade and other payables	31,410	-	-
Lease liabilities	6,370	12,415	10,498
Borrowings	67,134	3,953	-
	104,914	16,368	10,498

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 5 years	Over 5 years
	$'000	$'000	$'000
Company			
At 31 December 2020			
Trade and other payables	**1,902**	-	-
Financial guarantee	**47,378**	-	-
	49,280	-	-
At 31 December 2019			
Trade and other payables	1,368	-	-
Financial guarantee	68,430	-	-
	69,798	-	-

The table below analyses the derivative financial instruments of the Group for which the contractual maturity is essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years
Group	$'000	$'000
At 31 December 2020		
Gross settled currency forwards		
- Receipts	25,562	-
- Payments	(26,638)	-
At 31 December 2019		
Gross settled currency forwards		
- Receipts	3,435	-
- Payments	(3,429)	-

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

Management monitors capital based on a net gearing ratio. The Group's and Company's strategies, which were unchanged from 2019, 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 plus lease liabilities less cash and bank balances.

	Group 31 December		Company 31 December	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	**$'000**	$'000
Net debt	**(10,882)**	38,495	**(5,334)**	(5,700)
Total capital and reserves attributable to equity holders	**275,381**	255,825	**133,189**	134,510
Net gearing ratio	**NM**	15%	**NM**	NM

NM – Not meaningful

Financial covenants relating to the Group's and Company's borrowings include consolidated tangible net worth, debt service coverage ratio, net debt to earnings before interest, taxes, depreciation and amortisation ratio and gearing ratio.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

	Level 2
	$'000
Group	
As at 31 December 2020	
Derivative financial instruments	
- Asset	-
- Liability	1,076
As at 31 December 2019	
Derivative financial instruments	
- Asset	6
- Liability	-

The carrying value of trade receivables less credit loss allowance and payables are assumed to approximate their fair values. The fair value of current and non-current borrowings approximates their carrying amount.

(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 31 December		Company 31 December	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	**$'000**	$'000
Financial assets, at amortised cost	**155,378**	132,362	**32,874**	35,541
Financial liabilities, at amortised cost	**112,259**	126,297	**1,902**	1,368

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	
	2020	**2019**
	$'000	$'000
Sales of goods to an associated company	**7,767**	7,095
Purchases of goods from an associated company	**(1,106)**	(996)

Outstanding balances as at 31 December 2020, 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 21 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2020	2019
	$'000	$'000
Salaries and other short-term employee benefits	**4,742**	4,199
Employer's contribution to defined contribution plans, including Central Provident Fund	**112**	64
	4,854	4,263

Included in the above was total compensation to directors of the Company amounting to $2,156,000 (2019: $1,642,000).

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to senior management for the year ended 31 December 2020 is as follows:

Segment Group	Manufacturing segment North East Asia	Manufacturing segment ASEAN	Manufacturing segment Sub-total	Distribution segment North East Asia	Distribution segment ASEAN	Distribution segment Oceania	Distribution segment Others	Distribution segment Sub-total	Rental segment North East Asia	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales										
Total segment sales	79,313	55,234	134,547	33,702	130,175	129,354	18,959	312,190	-	446,737
Inter-segment sales	(14,491)	(9,451)	(23,942)	-	-	-	-	-	-	(23,942)
Sales to external parties	64,822	45,783	110,605	33,702	130,175	129,354	18,959	312,190	-	422,795
Segment result	4,149	366	4,515	1,822	2,830	8,080	1,329	14,061	2,025	20,601
Other gains										4,957
Unallocated costs										-
										25,558
Finance expenses										(2,904)
Share of profit of an associated company	-	2,663	2,663	-	-	-	-	-	-	2,663
Profit before income tax										25,317
Income tax expense										(5,751)
Net profit										**19,566**
Segment assets	69,398	76,421	145,819	21,935	117,961	83,537	9,035	232,468	12,351	390,638
Segment assets includes:										
Investment in an associated company	-	23,143	23,143	-	-	-	-	-	-	23,143
Additions/ (disposals) to:										
- Property, plant and equipment	1,344	487	1,831	12	700	1,046	-	1,758	-	3,589
- Intangible assets	-	-	-	-	9	-	-	9	-	9
- Right-of-use assets	42	1,295	1,337	3	(157)	3,484	-	3,330	-	4,667
Investment property	-	-	-	-	-	-	-	-	9,662	9,662
Segment liabilities	(10,474)	(4,875)	(15,349)	(5,993)	(18,067)	(25,647)	(2,696)	(52,403)	(859)	(68,611)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to senior management for the year ended 31 December 2019 is as follows:

Segment Group	Manufacturing segment North East Asia $'000	Manufacturing segment ASEAN $'000	Manufacturing segment Sub-total $'000	Distribution segment North East Asia $'000	Distribution segment ASEAN $'000	Distribution segment Oceania $'000	Distribution segment Others $'000	Distribution segment Sub-total $'000	Rental segment North East Asia $'000	Total $'000
Sales										
Total segment sales	81,856	67,983	149,839	35,100	151,729	120,874	18,110	325,813	-	475,652
Inter-segment sales	(16,496)	(10,949)	(27,445)	-	-	-	-	-	-	(27,445)
Sales to external parties	65,360	57,034	122,394	35,100	151,729	120,874	18,110	325,813	-	448,207
Segment result	2,624	572	3,196	137	4,399	3,603	1,163	9,302	1,884	14,382
Other gains										2,888
Unallocated costs										-
										17,270
Finance expenses										(4,047)
Share of profit of an associated company	-	2,998	2,998	-	-	-	-	-	-	2,998
Profit before income tax										16,221
Income tax expense										(3,457)
Net profit										**12,764**
Segment assets	62,631	75,472	138,103	19,444	127,216	81,827	9,983	238,470	10,519	387,092
Segment assets includes:										
Investment in an associated company	-	19,619	19,619	-	-	-	-	-	-	19,619
Additions to:										
- Property, plant and equipment	2,567	1,007	3,574	110	479	495	270	1,354	-	4,928
- Intangible assets	-	-	-	-	2	-	-	2	-	2
- Right-of-use assets	-	-	-	-	509	295	136	940	-	940
Investment property	-	-	-	-	-	-	-	-	9,607	9,607
Segment liabilities	(7,404)	(3,234)	(10,638)	(3,445)	(18,631)	(23,273)	(1,824)	(47,173)	(825)	(58,636)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. SEGMENT INFORMATION (CONTINUED)

(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	
	2020	**2019**
	$'000	$'000
Segment assets	**381,603**	377,109
Other segment assets	**9,035**	9,983
Unallocated:		
Deferred income tax assets	**4,695**	4,558
Short-term bank deposits	**9,725**	6,851
Transferable club membership	**65**	65
Derivative financial instruments	**-**	6
	405,123	398,572

(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	
	2020	2019
	$'000	$'000
Segment liabilities	**65,915**	56,812
Other segment liabilities	**2,696**	1,824
Unallocated:		
Income tax liabilities	**2,362**	1,596
Deferred income tax liabilities	**1,475**	1,761
Borrowings	**48,022**	70,716
Derivative financial instruments	**1,076**	-
	121,546	132,709

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. SEGMENT INFORMATION (CONTINUED)

(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	
	2020	**2019**
	$'000	**$'000**
Distribution of automotive and industrial products	**312,190**	325,813
Manufacturing of alloy wheels	**110,605**	122,394
	422,795	448,207

(c) Geographical information

The Group operates in the following geographic areas:

	Sales *		Non-current assets	
	Group		Group	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore	**58,990**	71,641	**52,112**	50,478
Malaysia	**90,083**	101,940	**26,186**	27,480
China/Hong Kong	**77,972**	82,338	**30,351**	32,030
Taiwan	**20,553**	18,122	**3,874**	4,180
Australia	**81,496**	73,838	**9,331**	10,616
New Zealand	**47,858**	47,036	**8,284**	5,459
Other countries	**45,843**	53,292	**3,123**	4,012
	422,795	448,207	**133,261**	134,255

* 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. IMPACT OF COVID-19

In view of the risks and uncertainties pertaining to COVID-19, the Group expects the ongoing pandemic to continue to impact its business in the first half of the financial year ending 31 December 2021 especially in those countries where the governments have announced further lockdown due to resurgence of COVID-19 in community transmission.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021.The Group will continue to monitor the pandemic situation closely, assess its impact on its business given the uncertainties associated with the nature and duration of the pandemic, and implement appropriate measures when necessary to mitigate the impact on its business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

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

Amendments to SFRS(I) 1-16 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.

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.

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 26 March 2021.

STATISTICS OF SHAREHOLDINGS
AS AT 18 MARCH 2021

ANALYSIS OF SHAREHOLDINGS

Number of shares	292,295,811
Class of shares	Ordinary shares
Voting rights	One vote per share

The Company has 1,896,000 treasury shares and no subsidiary holdings as at 18 March 2021.

Size Of Shareholdings	No. of Shareholders	%	No. Of Shares	%
1 - 99	16	1.06	594	0.00
100 - 1,000	124	8.24	54,661	0.02
1,001 - 10,000	692	45.98	3,794,967	1.31
10,001 - 1,000,000	658	43.72	37,762,376	13.00
1,000,001 and above	15	1.00	248,787,213	85.67
TOTAL	**1,505**	**100.00**	**290,399,811**	**100.00**

Note:
The percentage is based on 290,399,811 shares (excluding 1,896,000 shares held as treasury shares) as at 18 March 2021.

PUBLIC SHAREHOLDERS	No. of Shares	%
Non-public shareholders	186,959,213	64.38
Public shareholders	103,440,598	35.62
	290,399,811	100.00

Pursuant to Rule 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued ordinary shares of the Company is at all times held by the public.

SUBSTANTIAL SHAREHOLDERS

	No. of Shares		
	Direct Interest	Deemed Interest	%
YHI Holdings Pte Ltd	128,021,860	–	44.08
Tay Tian Hoe Richard (1)	–	141,958,860	48.88
Tay Tiang Guan (2)	–	45,000,353	15.50
Tay Soek Eng Margaret (3)	–	128,021,860	44.08

Notes:

(1) Mr Tay Tian Hoe Richard is deemed to have an interest in the following shares by virtue of Section 7 of the Companies Act, 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	13,937,000
	141,958,860

(2) Mr Tay Tiang Guan is deemed to have an interest in 45,000,353 shares held in the name of his nominees by virtue of Section 7 of the Act.

(3) Mdm Tay Soek Eng Margaret is deemed to have an interest in 128,021,860 shares held in the name of YHI Holdings Pte Ltd by virtue of Section 7 of the Act.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2021

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2021

	Name of Shareholder	No. of Shares	% of Shares
1	YHI HOLDINGS PTE LTD	128,021,860	44.08
2	CITIBANK NOMINEES SINGAPORE PTE LTD	72,927,453	25.11
3	DBS NOMINEES PTE LTD	10,722,700	3.69
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,847,000	3.39
5	DB NOMINEES (SINGAPORE) PTE LTD	7,129,500	2.46
6	TAN KIM KOON	5,400,000	1.86
7	RAFFLES NOMINEES (PTE) LIMITED	3,217,400	1.11
8	PHILLIP SECURITIES PTE LTD	1,985,100	0.68
9	LEE LING LING	1,675,500	0.58
10	LIM MEE HWA	1,574,000	0.54
11	LEE WOON KIAT	1,483,900	0.51
12	GU JIAN LIN	1,351,100	0.47
13	TAN HUI LIANG OR TAN HWEE KHENG	1,256,000	0.43
14	KOO CHOON POI @ KOH CHOON PUI	1,100,000	0.38
15	TAN KIA SIONG @ TAN AH KOW	1,095,700	0.38
16	LAM LAI CHENG	800,000	0.28
17	ABN AMRO CLEARING BANK N.V.	753,600	0.26
18	HONG PIAN TEE	659,800	0.23
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	642,800	0.22
20	ANG JUI KHOON	616,050	0.21
	Total:	**252,259,463**	**86.87**

Note :

The percentage is based on 290,399,811 shares (excluding 1,896,000 shares held as treasury Shares) as at 18 March 2021.

NOTICE OF ANNUAL GENERAL MEETING

YHI INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore - Company Registration No. 200007455H)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of YHI International Limited (the "**Company**") will be convened and held by electronic means on 28 April 2021 (Wednesday) at 10:00 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 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 3.30 Singapore cents per ordinary share for the financial year ended 31 December 2020 (2019: 2.22 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 Tay Tiang Guan **(Resolution 4)**

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

   Mr Tay Tiang Guan will, upon re-election as a Director of the Company, remain as Executive Director of the Company.

4. To approve the payment of Directors' fees of S$145,000 for the financial year ended 31 December 2020 (2019: S$145,000). **(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. To approve a one-time ex-gratia payment of S$10,000 to each of Independent Directors of the Company, Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai. **(Resolution 7)**

8. **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,

   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,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be 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, 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.

Any adjustments made in accordance with sub-paragraphs (2)(a) and (2)(b) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution; 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) and (ii)] **(Resolution 8)**

9. **The Proposed Renewal of the Share Buy-Back Mandate**

"That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:

(a) on-market purchases on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**") ("**On-Market Purchases**"); and/or

(b) off-market purchases (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act ("**Off-Market Purchases**"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(2) the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

(a) the date on which the next annual general meeting of the Company is held;

(b) the date by which the next annual general meeting of the Company is required by law to be held;

(c) the date when such mandate is revoked or varied by the Shareholders of the Company in general meeting; or

(d) the date on which the purchases or acquisitions of issued Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

(3) in this Ordinary Resolution:

"**Maximum Percentage**" means that number of issued Shares representing not more than 10.0% of the total number of issued Shares as at date of the passing of this Ordinary Resolution (excluding any treasury shares and subsidiary holdings as at that date);

"**Maximum Price**" in relation to a Share to be purchased or otherwise acquired, means the purchase price as determined by the Directors (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) and not exceeding:

(a) in the case of an On-Market Purchase, 105.0% of the Average Closing Price of the Shares. For this purpose, the Average Closing Price is:

(i) the average of the closing market prices of the Shares over the last five (5) market days (on which transactions in the Shares were recorded) immediately before the date of the Share Purchase by the Company; and

(ii) deemed to be adjusted for any corporate action that occurs during the relevant five (5) market day period and the day on which the Share Purchase is made; and

(b) in the case of an Off-Market Purchase, 105.0% of the highest price at which a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase offer stating the purchase price and the relevant terms of the equal access scheme.

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."
[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Tay Tian Hoe Richard
Executive Chairman and Group Managing Director

5 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 8 proposed in item 8 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 and subsidiary holdings) 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. 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 8 is passed.

(iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company to purchase, on behalf of the Company, Shares in accordance with the terms set out in the letter to shareholders of the Company dated 5 April 2021 (the "**Letter to Shareholders**") as well as the rules and regulations set forth in the Companies Act and the Listing Rules of the SGX-ST. Please refer to the Letter to Shareholders for more information relating to the renewal of the Share Buy-Back Mandate.

Important Notes to Shareholders on alternative arrangements for the Annual General Meeting:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Annual General Meeting ("**AGM**") will be held by way of electronic means on 28 April 2021 at 10:00 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in this Notice of AGM.

2. Printed copies of this Notice of AGM, Proxy Form, annual report for the financial year ended 31 December 2020 ("**FY2020 Annual Report**") and the Letter to Shareholders will not be sent to Shareholders. Instead, this Notice of AGM, Proxy Form, FY2020 Annual Report and the Letter to Shareholders may be accessed at the Company's website at the URL www.yhigroup.com/investor/agm2021. This Notice of AGM, Proxy Form, FY2020 Annual Report and the Letter to Shareholders are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant comments, queries and/or questions before the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement dated 5 April 2021.

4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and Shareholders will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form may be accessed at the Company's website at the URL www.yhigroup.com/investor/agm2021 and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

5. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.

6. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the registered office of the Company at No. 2 Pandan Road, Singapore 609254; or

   (b) if submitted by way of electronic means, be submitted via email in Portable Document Format (PDF) to the Company at yhi-agm@yhi.com.sg,

   in either case, by 10:00 a.m. on Sunday, 25 April 2021. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM and/or any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	TAY TIAN HOE RICHARD	TAY TIANG GUAN
Date of Appointment	26 / 08 / 2000	26 / 08 / 2000
Date of last re-appointment (if applicable)	26 / 04 / 2018	26 / 04 / 2019
Age	69	68
Country of Principal Residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors, having considered the recommendation of the Nominating Committee and having reviewed and considered the qualifications, working experience and suitability of Mr Tay Tian Hoe Richard, is of the view that Mr Tay Tian Hoe Richard has the requisite experience and capability to assume the responsibility as Executive Chairman and Group Managing Director of the Company. Accordingly, the Board of Directors approved the appointment of Mr Tay Tian Hoe Richard as Executive Chairman and Group Managing Director of the Company.	The Board of Directors, having considered the recommendation of the Nominating Committee and having reviewed and considered the qualifications, working experience and suitability of Mr Tay Tiang Guan, is of the view that Mr Tay Tiang Guan has the requisite experience and capability to assume the responsibility as Executive Director of the Company. Accordingly, the Board of Directors approved the appointment of Mr Tay Tiang Guan as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Group Managing Director	Executive Director
Professional qualifications	Member of the Singapore Institute of Directors	• Diploma in Mechanical Engineering (Singapore Polytechnic) • Member of the Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	Executive Chairman and Group Managing Director of YHI Group	Executive Director (Sales and Business Development) of YHI Group
Shareholding interest in the listed issuer and its subsidiaries	Mr Tay Tian Hoe Richard is deemed to have an interest in YHI Holdings Pte Ltd with 128,021,860 (or approximately 43.8%) of YHI International Limited and 13,937,000 ordinary shares (or approximately 4.8% of shareholding) of YHI International Limited, held in the name of his nominees by virtue of Section 7 of the Companies Act, Chapter 50.	Mr Tay Tiang Guan is deemed to have an interest in 45,000,353 ordinary shares (or approximately 15.4% of shareholding) of YHI International Limited, held in the name of his nominees by virtue of Section 7 of the Companies Act, Chapter 50

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	TAY TIAN HOE RICHARD	TAY TIANG GUAN
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Tay Tian Hoe Richard is brother of Mr Tay Tiang Guan, Executive Director (Sales and Business Development) of YHI International Limited.	Mr Tay Tiang Guan is brother of Mr Tay Tian Hoe Richard, Executive Chairman and Group Managing Director of YHI International Limited
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Other Principal Commitments* Including Directorship#		
* "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)		
Past (for the last 5 years)	Director of the following Non Public Listed Companies: • YHI Corporation (Beijing) Co Ltd • YHI Corporation Japan Co., Ltd • YHI (Canada) Inc	Director of the following Non Public Listed Companies: • YHI Holdings Pte Ltd • YHI Corporation (Singapore) Pte Ltd • YHI (Malaysia) Sdn Bhd • YHI (Australia) Pty Limited • YHI (New Zealand) Limited • Evo-Trend Corporation (Malaysia) Sdn Bhd • YHI Corporation (Thailand) Co., Ltd • YHI (Philippines) Inc • YHI Corporation (B) Sdn Bhd • YHI (China) Strategy Co., Ltd • YHI (Vietnam) Co., Ltd • YHI (America) Pte Ltd • YHI Manufacturing (Singapore) Pte Ltd • YHI Manufacturing (Malaysia) Sdn Bhd • YHI International (Taiwan) Co., Ltd • YHI Advanti Manufacturing (Malaysia) Sdn Bhd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

		TAY TIAN HOE RICHARD	TAY TIANG GUAN
Present		Director of the following Non Public Listed Companies: • YHI Holdings Pte Ltd • YHI (Malaysia) Sdn Bhd • YHI (Australia) Pty Limited • YHI Power Pty Ltd • YHI (New Zealand) Limited • YHI (Hong Kong) Co Ltd • YHI (China) Strategy Co., Ltd • YHI Corporation (Guangzhou) Co Ltd • YHI Corporation (Singapore) Pte Ltd • Evo-Trend Corporation (Malaysia) Sdn Bhd • YHI Corporation (Thailand) Co., Ltd • YHI (Philippines) Inc • YHI Aung (Myanmar) Company Limited • YHI (Cambodia) Company Limited • YHI Corporation (Shanghai) Co Ltd • YHI (America) Pte Ltd • Pan-Mar Corporation D/B/A Konig (American) • Advanti Racing USA, LLC • YHI Manufacturing (Singapore) Pte Ltd • YHI Manufacturing (Malaysia) Sdn Bhd • YHI Advanti Manufacturing (Malaysia) Sdn Bhd • YHI International (Taiwan) Co., Ltd • YHI Manufacturing (Shanghai) Co Ltd • YHI Advanti (Shanghai) Co Ltd • YHI Advanti Manufacturing (Suzhou) Co Ltd • YHI Precision Moulding (Shanghai) Co Ltd • YHI Logistics (Singapore) Pte Ltd • YHI Logistics (Malaysia) Sdn Bhd • O.Z S.p.A	Non-Public Listed Companies: • Director of PT YHI Indonesia
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

		TAY TIAN HOE RICHARD	TAY TIANG GUAN
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

		TAY TIAN HOE RICHARD	TAY TIANG GUAN
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

		TAY TIAN HOE RICHARD	TAY TIANG GUAN
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
	Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes

YHI INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200007455H)

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. The Notice of AGM is also accessible (a) via publication on the Company's website at the URL www.yhigroup.com/investor/agm2021; and (b) via publication on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. Arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 5 April 2021. This announcement may be accessed at the Company's website at the www.yhigroup.com/investor/agm2021, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
4. Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the AGM will be held by electronic means and a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Notwithstanding that a member is unable to vote in person, a member may attend the AGM in the manner as set out in the accompanying Company's announcement dated 5 April 2021.
5. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **16 April 2021, 10.00 a.m.**.
6. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2021.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

I/We*, ______________________________ (name) ______________________ (NRIC/Passport No.)

of ____ (address)

being a member/members* of YHI International Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our* behalf at the AGM to be convened and held by way of electronic means on Wednesday, 28 April 2021 at 10:00 a.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon (Ordinary Resolution)			
2.	Payment of proposed first and final dividend of 3.30 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 Tay Tiang Guan as Director of the Company (Ordinary Resolution)			
5.	Approval of Directors' fees amounting to S$145,000 for the financial year ended 31 December 2020 (2019: S$145,000) (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.	Approve a one-time ex-gratia payment of S$10,000 to each of the Independent Directors of the Company, Mr Henry Tan Song Kok, Mr Phua Tin How and Mr Yuen Sou Wai (Ordinary Resolution)			
8.	Authority to allot and issue shares in the capital of the Company – Share Issue Mandate (Ordinary Resolution)			
9.	The Proposed Renewal of the Share Buy-Back Mandate (Ordinary Resolution)			

*Delete as appropriate

If you wish to appoint the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a tick [√] within the box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish to appoint the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with a tick [√] in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM, as your proxy, is directed to abstain from voting in the "Abstain" box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this ________ day of ________ 2021

Total Number of Shares Held

____

Signature of Shareholder(s) or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS PROXY FORM.

NOTES:

1. Printed copies of this Notice of Annual General Meeting ("**Notice of AGM**"), Proxy Form and annual report for the financial year ended 31 December 2020 (the "**FY2020 Annual Report**") will not be sent to members. The Notice of AGM, Proxy Form, FY2020 Annual Report and the letter to shareholders dated 5 April 2021 ("**Letter to Shareholders**") may be accessed at the Company's website at the URL www.yhigroup.com/investor/agm2021. This Notice of AGM, Proxy Form, FY2020 Annual Report and the Letter to Shareholders are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM of the Company via electronic means (including arrangements by which the proceedings of the AGM of the Company may be electronically accessed via live audio-visual webcast or live audio-only stream), pre-registration to attend the AGM, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy, are set out in the Company's accompanying announcement dated 5 April 2021. This announcement may be accessed at the Company's website at the www.yhigroup.com/investor/agm2021. This announcement is also available on SGXNET at https://www.sgx.com/securities/company-announcements.

3. Please insert the total number of shares held by you. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If no number is inserted, this Proxy Form shall be deemed to relate to all the shares held by you.

4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the AGM will be held by electronic means and members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the Proxy Form if such member wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form for the AGM may be accessed at the Company's website at www.yhigroup.com/investor/agm2021 and is also available on SGXNET at https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

5. The Chairman of the AGM, as proxy, need not be a member of the Company

6. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the registered office of the Company at No. 2 Pandan Road, Singapore 609254; or

   (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at yhi-agm@yhi.com.sg,

   in either case, at least 72 hours before the time fixed for holding the AGM of the Company and/or any adjournment thereof. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

7. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorized. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized.

8. 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.

9. 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.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any AGM laws, listing rules, take-over rules, regulations and/or guidelines.

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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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