

**Issuer:** YHI International Limited  
**Security:** YHI International Limited

**Meeting details:**

Date: 26 April 2018

Time: 9.30 a.m.

Venue: 2 Pandan Road, Singapore 609254

**Company Description**

YHI International Limited, an investment holding company, distributes automotive and industrial products in Singapore, Malaysia, China, Hong Kong, Taiwan, Australia, New Zealand, and internationally. It operates through Manufacturing and Distribution segments. The company distributes automotive products, including tires and alloy wheels; industrial power products comprising automotive and rechargeable batteries for commercial and industrial use, as well as golf and utility buggies; and other industrial power products, such as solar panels, chargers, and UPS products. It also designs, develops, manufactures, markets, and distributes alloy wheels. In addition, the company engages in the provision of logistics services. YHI International Limited distributes tires under the name of Yokohama, Nitto, Nankang, Nexen, Pirelli, Archilles, and Neuton Tyres brand names; alloy wheels under the Enkei, OZ, Konig, Breyton, and Advanti Racing brand names; and industrial power products under the Hitachi, Trojan, CSB, Benning, Crown, Vision, FIAMM, Jinko Solar, and Neuton Power brand names. The company was founded in 1948 and is headquartered in Singapore. YHI International Limited is a subsidiary of YHI Holdings Pte Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=BPF](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BPF))

**Q1.** Since 2016, the group focused its attention on the final prong of its 3R (reduce inventory, reduce account receivables, reduce operating costs) strategy. In 2017, the group made deep cuts by reducing its operating costs, right-sizing businesses to align operations with sales, and eliminating non-profit-making assets like the factory in Shanghai.

After four years of efforts under the 3R policy, the company is leaner and achieved a net profit of \$8.8 million, after tax and non-controlling interests attributable to shareholders of the company - an increase of 136.9% from \$3.7 million in FY2016.

The chairman has said that the group will be pursuing growth by “developing new business opportunities by increasing the reach and network of our distribution channels, and seeking synergistic joint ventures, partnerships or other forms of business tie-ups to widen our revenue stream and open up new markets to our products” (page 13 of the annual report).

- a) **Would the chairman help shareholders understand the growth strategy better by giving concrete examples of such opportunities? Does it also mean that group will focus on distribution instead of manufacturing?**
- b) **With the scale down of the manufacturing activities, what is the long term future of the group’s manufacturing segment?**
- c) **Should there be a global trade war, how badly will the group be affected?**
- d) **Also, what are the areas that the group is carrying out its research and development work on? Is it limited to manufacturing technology/applications? Does the group allocate a percentage of revenue to its R&D efforts annually?**

**Q2.** In addition, in Malaysia, it was disclosed that YHI Logistics was incorporated in January 2018, to focus on the provision of logistics services.

- a) **Is this a totally new business segment for the group?**
- b) **Can management help shareholders understand if this new logistics business is synergistic to the group’s core business?**
- c) **Is the group going to enter the competitive logistics segment? If so, will this alter the risk profile of the group?**

**Q3.** A table of the remuneration of the directors is shown on page 49 in the Corporate Governance Report, as follows:

Remuneration of Directors and Key Executives in FY2017

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

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

(Source: Company annual report)

In Note 30b (page 126 – Related party transactions: Key management personnel compensation), the total amount paid to key management personnel was shown to be \$4.38 million, including a total compensation to the directors of the company of \$1,607,000 (2016: \$1,360,000).

- a) **Would the remuneration committee (RC) help shareholders understand why the remuneration band of the executive chairman shows no upper limit?**
- b) **Would the RC consider providing better disclosure to the table shown above?**
- c) **Can the RC also provide the components in the remuneration of the executive director(s), showing the percentage of salary, bonus, directors fees and other benefits, where relevant?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=YHI%20International%20Ltd>

The company's response could be found here: -----