YOUYUE INTERNATIONAL LIMITED
(FORMERLY KNOWN AS YOUCAN FOODS INTERNATIONAL LIMITED)
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200401338W)

QUARTERLY UPDATE PURSUANT TO SGX-ST LISTING RULE 1313 (2)

On 5 March 2012, Youyue International Limited (formerly known as Youcan Foods International Limited) (the "Company", together with its subsidiaries, the "Group") was placed on the SGX-ST Watch-list pursuant to Rule 1313 of the SGX-ST Listing Manual.

On 11 April 2014, the Company applied to SGX-ST and was successfully granted a 12-month extension of the Watch-list period, which is due to expire on 5 March 2015.

Pursuant to Rule 1313 (2), the Company hereby provides the following updates relating to the unaudited management accounts for the half year and second quarter ended 30 June 2014 ("HY2014" and "2Q2014" respectively).

Update on the unaudited Financial Position as at 30 June 2014 and for HY2014

The Group's revenue for HY2014 from the packaging segment was RMB105.3 million compared to RMB98.7 million for the corresponding 6-month period ended 30 June 2013 ("HY2013"), representing an increase of 6.7%. The first half of every year is normally sluggish given the downtime in operations brought about by the Chinese New Year break. The relatively higher sales were achieved due to higher sales of semi-finished generic packaging products, which were also lower-priced with a lower gross margin.

The Group recorded a small net loss attributable to owners of the Company of RMB0.4 million for HY2014 compared to RMB1.2 million for HY2013. The loss was mainly attributable to lower gross margins and gross profits for HY2014 despite relatively higher sales. The net loss was smaller in HY2014 due to a foreign exchange gain of RMB1.1 million in HY2014 compared to a foreign exchange loss of RMB1.0 million in HY2013.

The Group's net equity attributable to owners of the Company decreased slightly from RMB20.6 million as at 31 December 2013 to RMB19.6 million as at 30 June 2014 mainly due to the losses incurred in HY2014. Group's external bank borrowings increased from RMB72.7 million as at 31 December 2013 to RMB83.1 million as at 30 June 2014.

On a quarter-to-quarter basis, revenue from the packaging segment was RMB67.4 million in 2Q2014, compared to RMB53.7 million in 2Q2013. Net profits attributable to the Company from the packaging segment were RMB0.3 million in 2Q2014, compared to a net loss attributable to the Company of RMB0.1 million in 2Q2013.

Update on Future Direction and Material Development

Following the divestment of the ice cream and frozen food segments, the Group had been relieved of the losses sustained by the food segments and the associated net liabilities. As such, the Group has been able to record a second full year of net profits and positive cash flows from its operating activities for the year ended 31 December 2013. The Company has seen a change of its major shareholders and a new controlling shareholder, Mr Zhao Lizhi following a mandatory conditional cash takeover offer completed on 2 January 2014. The Company had on 12 June 2014 entered into a sale and purchase agreement with the controlling shareholder, Mr Zhao Lizhi and a past director of the Company, Mr Wang Yousheng to acquire 100% of the issued and paid-up capital of WYW Capital Pte. Ltd., a company incorporated in Singapore ("**Proposed Acquisition**"). WYW Capital Pte. Ltd. holds the entire equity interest of Harbin Promlite Energy Saving Technology Co., Ltd ("**Harbin Promlite**"), a company incorporated in China. Harbin Promlite is principally engaged in project-based activities involving energy conservation services and sustainable developments ("**Proposed New Business**"). The Group plans to diversify into the Proposed New Business while retaining the Packaging Business for new income streams. The Company will be convening an extraordinary general meeting to seek shareholders' approval for the Proposed New Business. On the basis that shareholders' approval for the Proposed New Business is obtained, the Group expects the acquisition to contribute positively to the Group's revenue in the second half of 2014.

It is to be noted that the Group has announced on 6 May 2014 that, it has secured an extension till 30 April 2015 in respect of the undertaking (the "Put Option") from a related party (first announced on 2 November 2011) to purchase the Packaging Business based on the then prevailing net asset value of the Group's equity interest in the Packaging business. The Put Option is intended to provide the Company with the flexibility of having a ready buyer for the Packaging Business independent of the Group's future developments.

The Company will endeavour to meet the requirements of Rule 1314 of the SGX-ST Listing Manual. In the event the Company fails to do so, as announced earlier, the Company will exercise the Put Option to divest its equity interest in the Packaging Business and distribute the proceeds thereof to its shareholders.

By Order of the Board
Jong Voon Hoo
Chief Financial Officer and Company Secretary
8 August 2014