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YORKSHINE HOLDINGS LIMITED

煜新控股有限公司*

(Incorporated in Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048

Singapore Stock Code: MR8

DISCLOSEABLE AND CONNECTED TRANSACTION UNDER THE LISTING RULES DISCLOSEABLE TRANSACTION UNDER THE LISTING MANUAL Disposal of 60% Equity Interest in Xing Hua City Daduo Sewage Treatment Co. Ltd.*

THE DISPOSAL

On 21 September 2018, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement for the Disposal, under which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest (i.e. the entire 60% of the equity interest of the Vendor in Xing Hua City Daduo) at a total Consideration of RMB4.2 million (approximately US\$605,000).

Prior to the Disposal, Xing Hua City Daduo was a non-wholly owned subsidiary of the Vendor. The Vendor held the Sale Interest as to 57% in trust for Wah Shun Storage (a wholly-owned subsidiary of the Company) and 3% in trust for an independent third party. Thus, the Company held, indirectly through the Vendor, 57% of the equity interest in Xing Hua City Daduo. The Purchaser directly held the remaining 40% of the equity interest in Xing Hua City Daduo. Upon completion of the Disposal, the Vendor shall cease to hold any equity interest of Xing Hua City Daduo, and Xing Hua City Daduo shall cease to be a subsidiary of the Company and the results of Xing Hua City Daduo shall no longer be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES AND THE LISTING MANUAL

The Purchaser, a substantial shareholder of Xing Hua City Daduo, is a connected person of the Company at subsidiary level pursuant to R14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

None of the Directors has any interest in the Disposal and they are not required to abstain from voting on the board resolution in connection with the Disposal. As the Board has approved the Disposal and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, the transactions contemplated under the Disposal shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As one of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual and is subject to announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 10 of the Listing Manual.

INTRODUCTION

On 21 September 2018, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement for the Disposal, under which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest (i.e. the entire 60% of the equity interest of Vendor in Xing Hua City Daduo) at a total Consideration of RMB4.2 million (approximately US\$605,000).

THE DISPOSAL

Date:

21 September 2018

Parties:

- (1) The Vendor: Taizhou Hua Yong Storage Limited* (泰州華永倉儲有限公司), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company; and
- (2) The Purchaser: Xinghua City Xingjin Waste and Waste Recycling Station* (興化市興進廢舊物資回收站) (holder of the remaining 40% interest in Xing Hua City Daduo before the Disposal) which is controlled by Xinghua City Da Duo District Xiang Qi Ye Fu Wu Station* (興化市大垛鎮鄉企業服務站), an entity established in the PRC, is a connected person of the Company at subsidiary level under the Listing Rules.

SUBJECT MATTER

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest (i.e. the entire 60% of the equity interest of Vendor in Xing Hua City Daduo) at a total Consideration of RMB4.2 million (approximately US\$605,000).

CONSIDERATION

The total Consideration payable by the Purchaser to the Vendor in respect of the Disposal shall be RMB4.2 million (approximately US\$605,000) in cash by 31 December 2018 and that all related tax expenses shall be borne by the Purchaser. A portion of the Consideration of approximately RMB1.06 million shall be offset against the outstanding debts owed by Yorkshine New Material to the Purchaser.

The value of the Consideration for the Disposal was determined based on arm's length negotiations between the Vendor and the Purchaser, taking into account the financial position of Xing Hua City Daduo.

COMPLETION

The completion date of the Disposal shall fall on the date on which the Equity Interest Transfer Procedures are completed; and the shareholder of Xing Hua City Daduo approves the new articles of association and the relevant business registration documents. Upon completion, the Vendor shall cease to enjoy any rights, or be responsible for any liabilities, as a shareholder of Xing Hua City Daduo.

PARTICULARS OF XING HUA CITY DADUO

Xing Hua City Daduo, an indirect non-wholly owned subsidiary of the Company before the Disposal, established under the laws of the PRC with limited liability and is principally engaged in sewage treatment.

The following is a summary of the financial information relating to Xing Hua City Daduo prepared in accordance with the applicable financial reporting standards in the PRC for the financial years ended 30 April 2017 and 30 April 2016 and unaudited management accounts for the period from 1 May 2017 to 31 January 2018:

	For the period ended 31 January 2018 US\$'000 (unaudited)	For the year ended 30 April 2017 US\$'000 (audited)	For the year ended 30 April 2016 US\$'000 (audited)
Revenue	—	—	—
Net profit before income tax, minority interests and extraordinary items	8	241	232
Net profit after income tax, minority interests and extraordinary items	5	137	132

The unaudited net asset value of Xing Hua City Daduo as at 31 January 2018 was approximately RMB18,792,000 (approximately US\$2,708,000).

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS FROM THE DISPOSAL

Prior to the Disposal, Xing Hua City Daduo was a non-wholly owned subsidiary of the Vendor. The Vendor held the Sale Interest as to 57% in trust for Wah Shun Storage (a wholly-owned subsidiary of the Company) and 3% in trust for an independent third party. Hence, the Company held, indirectly through the Vendor, 57% of the equity interest in Xing Hua City Daduo. Upon completion of the Disposal, the Vendor shall cease to hold any equity interest in Xing Hua City Daduo whilst the Purchaser shall hold directly the entire equity interest in Xing Hua City Daduo. As a result, Xing Hua City Daduo shall no longer be consolidated into the consolidated financial statements of the Group.

The value of the Consideration represents the Vendor's original cost of investment in Xing Hua City Daduo. Upon completion of the Disposal, the Vendor shall fully recover the original cost of investment in Xing Hua Da Duo. At the Group's consolidation level, it is estimated that the Group shall record a loss from the Disposal of approximately US\$797,000 (approximately RMB5,529,000) before tax, which is calculated with reference to the net asset value of Xing Hua City Daduo as at 30 April 2017.

The exact amount of the loss on the Disposal to be recorded in the consolidated financial statements of the Group for the year ending 30 April 2019 is subject to audit. It will be calculated based on the consolidated net asset value of Xing Hua City Daduo as at the date of the completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the loss set out above.

For illustrative purposes only, based on the latest audited consolidated financial statements of the Group for FY2017 and assuming that the Disposal had been effected at the end of FY2017, the financial effects of the Disposal on the Group's net tangible liabilities per share are set out below:

	Before the Disposal	After the Disposal
Net tangible liabilities (<i>US\$'000</i>)	2,052	2,848
Number of Shares at the end of FY2017	191,484,269	191,484,269
Net tangible liabilities per share (<i>US cents</i>)	1.07	1.49

For illustrative purposes only, based on the latest audited consolidated financial statements of the Group for the FY2017 and assuming that the Disposal had been effected at the beginning of the FY2017, the financial effects of the Disposal on the Group's earnings per share are set out below:

	Before the Disposal	After the Disposal
Loss (<i>US\$'000</i>)	10,634	11,430
Weighted average number of shares in FY2017	186,271,776	186,271,776
Loss per share (<i>US cents</i>)	5.71	6.14

The net proceeds from the Disposal shall be approximately US\$452,000 (approximately RMB3,140,000), which is intended to be used as the general working capital of the Group.

INFORMATION ON THE PARTIES

The Vendor is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in trading business.

The Purchaser is an entity established in the PRC and it is principally engaged in the provision of metal related re-cycling services in the PRC.

Xing Hua City Daduo is a company established in the PRC and an indirect non-wholly owned subsidiary of the Company before the Disposal. It is principally engaged in sewage treatment business in the PRC.

Wah Shun Storage is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding business in the PRC.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Group is principally engaged in trading and distribution and tinplate manufacturing business. The Group had established Xing Hua City Daduo in July 2011 for sewage business in accordance with the PRC government requirement. Over the past few years, Xing Hua City Daduo has contributed limited cash inflow to the Group while taking up considerable management resources and attention from the Group. Given that the Purchaser proposed to acquire all the equity interests in Xing Hua City Daduo, the Directors believe that it is a good opportunity for the Group to realise the original capital investment in Xing Hua City Daduo of RMB4.2 million for proper deployment of resources to other business opportunity.

The terms of the Disposal have been arrived at after arm's length negotiations between the Parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Disposal and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Purchaser, a substantial shareholder of Xing Hua City Daduo, is a connected person of the Company at subsidiary level pursuant to R14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

None of the Directors has any interest in the Disposal and they are not required to abstain from voting on the board resolution in connection with the Disposal. As the Board has approved the Disposal and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Disposal shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

IMPLICATIONS UNDER THE LISTING MANUAL

The relative figures for the Disposal calculated on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006(a)	The net asset value assets to be disposed of, compared with the Group's net asset value	12.30% ⁽¹⁾
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net loss	Not meaningful ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.91% ⁽³⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006(e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on the audited net asset value of Xing Hua City Daduo attributable to the Sale Interest of approximately US\$1,402,000 for FY2017, and the Group's adjusted net asset value of approximately US\$11,394,000 as of 30 April 2017 (adjustment of approximately US\$10,635,000 to the Group's audited net asset value of approximately US\$759,000 as of 30 April 2017). The adjustment to the Group's net asset value was to take into account the financial effects of approximately US\$10,635,000 due to the assignment of bank loan ("**Loan Assignment**") and the entering into a settlement with Real Shine Capital Limited as announced by the Company on 18 August 2017, 14 September 2017, and 13 November 2017 respectively subsequent to the financial year ended 30 April 2017. The above-mentioned financial effects have been reflected in the Group's unaudited results announcement for the third quarter ended 31 January 2018 as published on 4 October 2018.
- (2) The unaudited net profit before tax attributable to the Sale Interest of approximately US\$108,000 for FY2017, and the Group's adjusted net loss before tax of approximately US\$1,275,000 (adjustment of approximately US\$9,805,000 to the Group's audited net loss before tax of approximately US\$11,080,000 for FY2017). The adjustment to the Group's net loss before tax was to account for the gain on the Loan Assignment with accrued after 30 April 2017. The above-mentioned financial effect has been reflected in the Group's unaudited results announcement for the third quarter ended 31 January 2018 as published on 4 October 2018.
- (3) Based on the consideration of RMB4.2 million (approximately US\$605,000) and the Company's market capitalisation of approximately US\$67.0 million (being its issued ordinary share capital of 191,484,269 and the last closing price of the Company's shares on 31 July 2017 of S\$0.48, which is the last market day prior to suspension of the Company's shares).

As one of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual and is subject to announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 10 of the Listing Manual.

The Company has not made a timely disclosure to comply with the Listing Rules and the Listing Manual due to a delay of information flow to the Company from the regional branch office. The Company has taken step to rectify the breach as soon as possible, including by way of making this announcement. The Company has immediately strengthened the information flow process with the regional branch officers and will provide specific training on relevant employees to monitor such transactions to ensure a timely disclosure under the Listing Rules and the Listing Manual.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the Directors or controlling shareholder of the Company has any interest, direct or indirect, in the Disposal, save for their shareholdings (if any) in the Company.

SERVICE CONTRACT

There are no directors proposed to be appointed to the Company in connection with the Disposal.

DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of the Company at 24 Raffles Place, #10-05 Clifford Centre, Singapore 048621 during normal business hours for 3 months from the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the equity transfer agreement dated 21 September 2018 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors

“Company”	YORKSHINE HOLDINGS LIMITED, a company incorporated in Singapore with limited liability and whose Shares are listed on the SEHK and SGX-ST
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules and the Listing Manual
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Agreement
“Equity Interest Transfer Procedures”	the relevant procedures required under the applicable laws and by the relevant governmental authorities in respect of the completion of the Disposal, including but not limited to the registration of the Disposal with the State Administration for Industry and Commerce in the PRC and the obtaining of a new business license
“FY2017”	the financial year ended 30 April 2017
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules and the Listing Manual, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries
“Listing Manual”	the listing manual of the Mainboard of SGX-ST
“Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“PRC”	The People’s Republic of China

“Purchaser”	Xinghua City Xingjin Waste and Waste Recycling Station* (興化市興進廢舊物資回收站), an entity established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollar, the lawful currency of Singapore
“Sale Interest”	Sale of 60% of the equity interest in Xing Hua City Daduo by the Vendor, which interest was held as to 57% in trust for Wah Shun Storage (a wholly-owned subsidiary of the Company) and 3% in trust for an independent third party before the Disposal
“SEHK”	The Stock Exchange of Hong Kong Limited
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Vendor”	Taizhou Hua Yong Storage Limited* (泰州華永倉儲有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Wah Shun Storage”	Wah Shun Storage Limited (華順倉儲有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Xing Hua City Daduo”	Xing Hua City Daduo Sewage Treatment Co., Ltd.* (興化市大垛污水處理廠有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company before the Disposal

“Yorkshine New Material”	Yorkshine New Material (Taizhou) Limited* (新煜新材料(泰州)有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent.

For the purposes of this announcement, the exchange rate of RMB1.00 to US\$0.14408 and S\$1.00 to US\$0.72499 have been used, where applicable, for illustration purposes only and does not constitute any representation that any amount has been, could have been or may be exchanged at such rate or any other rates or at all on the date or dates in question or any other date.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the SEHK and SGX-ST has been suspended with effect from 9:00 am on 1 August 2017 and will continue to be suspended until further notice.

On behalf of the Board
YORKSHINE HOLDINGS LIMITED
Zhu Jun
Executive Chairman and Executive Director

Hong Kong, 26 October 2018

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Zhu Jun, Ms. Wang Jianqiao; one non-executive Director, being Dr. Ouyang Qian; and three independent non-executive Directors, being Mr. Foo Teck Leong, Mr. Tang Chi Loong and Mr. William Robert Majcher.

* For identification purpose only