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YORKSHINE HOLDINGS LIMITED

煜新控股有限公司*

(incorporated in the Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048

Singapore Stock Code: MR8

QUARTERLY ANNOUNCEMENT

UPDATES ON THE STATUS OF FULFILLMENT OF RESUMPTION CONDITIONS AND BUSINESS OPERATION PURSUANT TO RULE 13.24A OF THE LISTING RULES

This announcement (“**Announcement**”) is made by Yorkshine Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the Company’s announcements dated 1 August 2017, 30 October 2017, 26 July 2018, 31 July 2018, 18 September 2018, 21 September 2018, 9 November 2018, 15 November 2018 and 30 November 2018 relating to amongst others, the conditions for resumption of trading of the shares of the Company on the SEHK and update on the Company’s resumption plan and business operations.

(A) UPDATES ON FULFILLMENT OF RESUMPTION CONDITIONS ON SEHK

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to update the shareholders of the Company (the “**Shareholders**”) on the current status of the fulfillment of the resumption conditions (the “**Resumption Conditions**”) on the SEHK as set out in the announcements of the Company dated 30 October 2017, 18 September 2018 and 30 November 2018, respectively.

1. Address audit issues and findings of the independent review

The Directors have continued to undertake various actions to address the audit issues highlighted in the Company’s annual results for the year ended 30 April 2017 (the “**FY2017 Annual Results**”) which was published by the Company on 1 August 2018. Among others, the Company has taken the following actions to deal with the issues identified by the independent auditor in connection with the “Sales and Purchases transactions relating to sales of commodities”:

- Suspended the Group’s trading and distribution business immediately;
- Appointed PricewaterhouseCoopers Consulting (Singapore) Pte Ltd (“**PwC**”) to conduct an independent review into the facts and circumstances surrounding the Group’s sales and purchase agreements for the year ended 30 April 2017 (“**FY2017**”), their veracity and impact on the Group’s financial statements (the “**Review**”);
- Published the key findings of the Review on 19 January 2018, removed Mr. Chow Kin Wa (“**Mr. Chow**”) from the office of chief executive officer (“**CEO**”) of the Company and suspended the duties of Mr. Chow as a director of the Company with effect from 19 January 2018;
- Appointed SHINEWING Risk Services Limited (“**Shinewing**”) as the internal control reviewer (the “**Internal Control Reviewer**”) to conduct a review on the internal control systems and procedures of the Group (the “**2018 IC Review**”). The Company has implemented the recommendations proposed by Shinewing in the 2018 IC Review and Shinewing has confirmed that the Group has taken remedial actions to rectify the issues identified. Please refer to the Company’s announcement dated 29 November 2018 for further details.

With the strengthened internal control system as well as the suspension of the trading and distribution business, it is expected that issues surrounding the sales and purchases transactions as detailed in the FY2017 Annual Results will not occur again.

The Board has also engaged professional management staff with the necessary expertise and commercial experience to deal with other audit issues identified in the FY2017 Annual Results such as the qualified opinion on (a) “property, plant and equipment”; and (b) the “investments in subsidiaries and amounts due from subsidiaries”. With regard to the qualified opinion on “Profit from discontinued operations of Tianjin Shifa” as disclosed in the FY2017 Annual Results, since the Group has completed the disposal of its 50% equity interest in Tianjin Shifa Novo Technology Development Limited (“**Tianjin Shifa**”) on 27 March 2017 and Tianjin Shifa ceased to be a subsidiary of the Group since then, such audit qualification will not have any impact on the Group’s financial statements for the year ended 30 April 2018.

The Group has arranged its newly hired management personnel in Hong Kong headquarters to visit the Group’s operating facilities in Taizhou, the People’s Republic of China (the “**PRC**”) to understand the Group’s operations and to meet with the independent non-executive Directors, PwC and legal advisers in the Republic of Singapore to obtain a better understanding of the Singapore legal and regulatory framework and listing rules under The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and to facilitate the communication among the headquarters, subsidiaries and also other branch offices going forward. All Directors also have access to the management team to ensure there will be proper communications and discussions among them together with the independent auditor regarding the qualified opinion.

The Board will continue to work closely with the independent auditor in order to address audit issues, if any.

2. Publish outstanding financial results and address any audit qualifications

The Company has published the FY2017 Annual Results on 1 August 2018 and distributed the annual report for FY2017 on 22 August 2018. Moreover, the ESG report for the period from 1 May 2016 to 30 April 2017 was published on 15 October 2018.

The Company has published the interim results announcement for the six-month period ended 31 October 2017 (“**1H-FY2018**”) on 4 October 2018 and distributed the interim report for 1H-FY2018 on 1 November 2018.

The Company is in the process of finalizing the financial statements for the year ended 30 April 2018 (“**FY2018**”) with the independent auditor and also working closely with the independent auditor to resolve certain audit issues, including but not limited to issues relating to the impairment assessment of the property, plant and equipment and investments in subsidiaries and amounts due from subsidiaries which result in qualified opinions for FY2017. The Company is also in the course

of preparing the interim results announcement for the six-month period ended 31 October 2018 (“**1H-FY2019**”), which was due to be published by 31 December 2018.

The Company is committed to address any audit qualifications and to publish all outstanding financial results as soon as practicable. The annual results announcement for the year ending 30 April 2019 (“**FY2019**”) is due to be published by 31 July 2019.

3. Demonstrate the Company has adequate internal control systems

References are made to the Company’s announcements dated 1 August 2017, 30 October 2017, 26 July 2018, 31 July 2018, 18 September 2018 and 9 November 2018, relating to amongst others, the conditions for resumption of trading of the shares of the Company and update on the Company’s resumption plan and business operations. On 29 November 2018, Shinewing issued a report regarding its internal control review of the Group and the Group has taken remedial actions to rectify the issues identified by Shinewing. With a view to ensure the Group has a comprehensive internal control system which is adequate for the Group’s business and operation, the Company intends to engage Shinewing to enlarge the review scope and conduct a more comprehensive review. Further announcement(s) on the enlarged review scope will be issued by the Company as and when appropriate.

4. Inform the market of all material information

As disclosed in the announcement of the Company dated 26 October 2018, an indirect wholly-owned subsidiary of the Company (the “**Vendor**”) has entered into an agreement to sell the entire 60% of the equity interest held by the Vendor in Xing Hua City Daduo Sewage Treatment Co., Ltd.* (興化市大垛污水處理廠有限公司) (“**Xing Hua City Daduo**”) (the “**Disposal**”) at a total consideration of RMB4.2 million (approximately US\$605,000). Following the completion of the Disposal, the Vendor ceased to hold any equity interest of Xing Hua City Daduo, and Xing Hua City Daduo ceased to be a subsidiary of the Company and the results of Xing Hua City Daduo no longer be consolidated into the consolidated financial statements of the Group.

Save for the above, there is no material information that the Company needs to inform the market of as at the date of this announcement.

In compliance with the Listing Rules, in particular, Rule 13.24A of the Listing Rules, the Company has also made announcements on a quarterly basis and as and when necessary to provide its Shareholders and the market with updates on the Company’s status of fulfilment of the Resumption Conditions and its latest business operations. Please refer to the Company’s announcements dated 31 July 2018, 9 August 2018, 9 November 2018 and 15 November 2018 for further details.

5. Demonstrate the Group has sufficient operations/assets

As disclosed in the Company's announcement dated 15 November 2018, the Company's manufacturing plant ("YNMT") in Taizhou City, Jiangsu Province, the PRC has resumed operation and has been receiving sales orders for tinplate products since April 2018. YNMT started to generate sales revenue in June 2018. Given the nature of manufacturing business, it will take some time from the kickoff to generate profits, but the Group is able to observe a good trend in sales orders received and sales revenue from the financial information internally available up to the date of this announcement. Based on internal unaudited information, YNMT achieved a sales revenue of approximately RMB60 million (US\$8.8 million)^{Note} up to December 2018.

Note:

The above-mentioned sales revenue data is unaudited and is based on preliminary internal information of the Group, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or interim basis. As such, the above data is provided for investors' reference only. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professionals or financial advisers.

Moreover, with the dedicated effort of YNMT on environmental compliances, YNMT has continued to receive positive attention and acknowledgement from PRC Government. The Group is confident on the prospect of YNMT and will continue to expand and develop the business of YNMT.

6. Demonstrate the fulfillment of the duties of skill, care and diligence by directors

In 2018, the Group has restructured the management structure and adopted various internal control measures as disclosed under the paragraph headed "1. Address audit issues and findings of the independent review" above, including the removal of Mr. Chow as the CEO and the suspension of Mr. Chow's directorship in the Company on 19 January 2018. Afterwards, Mr. Chow resigned as a director with effect from 2 February 2018.

Since the removal of Mr. Chow as the CEO, certain functions of the CEO have been undertaken by Mr. Zhu Jun ("Mr. Zhu"), the Executive Chairman, which the Board considered it as a transitional arrangement to cater for a smooth handover. The Company is currently identifying a suitable candidate as the new CEO and will provide updates, as appropriate. In this transitional period, the Board believes that vesting the roles of both Executive Chairman and part of the CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

For a period starting from early 2017, Mr. Zhu has stationed in YNMT to prepare for the resumption of the plant operation. After the implementation of debt restructuring divestment of bad assets, conducting changes in the operations to increase its vitality and productivity, YNMT has resumed commercial production in May 2018.

The Company has invited the Directors to visit the refurbished YNMT located in Jiangsu, the PRC in February 2018 and also in September 2018 for the revitalized new look of the YNMT. They have been given a tour of the facilities and have been briefed by management on the operations of the plant. In addition, the Directors also may, at any time, visit the Group's facilities to gain better understanding of the Group's businesses.

Bearing in mind the past experience, moving forward, the Board will strengthen the internal controls of the Group. The Company has engaged Shinewing to conduct the 2018 IC Review in mid-2018. The 2018 IC Review includes but not limited to the Group's financial close reporting process, revenue and receipts, cost of services, expenditures and payments, inventory management, bank and cash management, fixed assets management, human resources and payroll management, review on information technology systems as well as compliance procedures of relevant rules and regulations. Shinewing has also made recommendations to the Company for this purpose and the Group has taken remedial actions identified by Shinewing. Please refer to the Company's announcement dated 29 November 2018 regarding the key findings by Shinewing and the actions/measures taken by the Group.

The Directors have been actively involved in the matters of the Group, including but not limited to attending and participating in Board meetings, Board Committees meeting and general meetings. They have also attended appropriate trainings to enhance their knowledge and skills as directors of listed companies. Some of the Directors have also participated in the Directors E-Training recently launched by SEHK.

(B) UPDATES ON CONDITIONS FOR RESUMPTION OF TRADING ON SGX-ST

In order to resume trading of the shares of the Company on the SGX-ST, the Company is required:

- to submit a proposal to the SGX-ST with a view to resuming trading in its securities (the "**Resumption Proposal**") within 12 months of the date of suspension pursuant to Rule 1304(1) of the Listing Manual of the SGX-ST (the "**SG Listing Manual**"); and
- to implement the Resumption Proposal within 6 months from the date the SGX-ST indicates that it has no objection to the Resumption Proposal pursuant to Rule 1304(2) of the SG Listing Manual.

As previously announced by the Company on 30 November 2018, under the SG Listing Manual, if no Resumption Proposal is received to enable trading to resume within 12 months of the date of suspension, or if the Resumption Proposal is not implemented within 6 months from the date the SGX-ST indicates that it has no objection to the Resumption Proposal, the SGX-ST may remove the Company from the Official List of the SGX-ST Main Board. The Company is currently in the process of assessing its options and preparing the Resumption Proposal. The Company is keeping SGX-ST informed of all the progress in fulfillment of resumption conditions of both SEHK and SGX-ST.

BUSINESS OPERATIONS

The Group continues to develop its tinplate products manufacturing business via YNMT and will continue to explore business opportunities to generate additional cash flow and improve the financial position of the Group.

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 a.m. on 1 August 2017 and will continue to suspend until further notice.

The Company will use its best endeavours to satisfy the Resumption Conditions with a view to resume trading as soon as practicable. The Company will make further announcement of any material development on the above matter as and when appropriate.

On behalf of the Board
YORKSHINE HOLDINGS LIMITED
Zhu Jun

Executive Chairman and Executive Director

Hong Kong, 20 February 2019

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Zhu Jun (Executive Chairman) and 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*