

YORKSHINE HOLDINGS LIMITED

(Company Registration No. 198902648H)
(Incorporated in Singapore)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

Yorkshine Holdings Limited (the “**Company**”, and, together with its subsidiaries, the “**Group**”) was placed on the Watch-List (the “**Watch-List**”) pursuant to Rule 1311 of the Listing Manual (the “**Listing Manual**”) of the SGX-ST on 3 September 2014.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide the following quarterly update:

Update on Financial Position and Major Corporate Events

Financial performance

Please refer to the audited results announcement of the Company for the financial year ended 30 April 2018 (“**FY2018**”) released on 16 April 2019 for an update on the Group’s financial performance and financial position.

Issues on audit qualified opinion fixed

The audit qualified opinion in connection with the balances for both (a) property, plant and equipment; and (b) investments in subsidiaries and amount due from subsidiary for the current financial year ended 30 April 2018 (“**FY2018**”) are no longer exist.

During FY2018, the following impairment losses have been recognized on:

- (i) property, plant and equipment amounting to US\$11,720,000 in the Group’s profit or loss; and
- (ii) investments in subsidiaries and amount due from subsidiary amounting to US\$79,460,000 and US\$31,497,000 respectively in the Company’s profit or loss .

The opening balances for FY2018 (i.e. as at 1 May 2017) and the comparative figures disclosed in these consolidated financial statements are based on the consolidated financial statements of the Group for the previous financial year ended 30 April 2017, on which the independent auditor has expressed a qualified opinion in the independent auditor’s report dated 1 August 2018. Consequently, the independent auditor is unable to determine whether any adjustments might be necessary to the profit or loss for the current year and opening accumulated losses of the current year of the Group and the Company. The opinion of the independent auditor on the FY2018 financial statements is also modified because of the possible effect of the above matters as well as the other matters as described in the Company’s announcement dated 16 April 2019 entitled “Qualified Opinion by Auditors in respect of Financial Statement for Financial Year Ended 30 April 2018”.

Streamlining Group Structure

There are several subsidiaries within the Group which have been inactive for more than a year, some of which are also in a net liability position. In order to streamline the group structure and improve the overall financial position of the Group, the Group has transferred two subsidiaries to a company which is wholly-owned by Mr. Zhu Jun, the executive Chairman and executive Director, and also the controlling shareholder of the Company, on 15 April 2019 (the “**Disposals**”). The Disposals are collectively expected to have a positive effect on the financial performance of the Group as the liabilities of the two subsidiaries would not be consolidated into the accounts of the Group after completion of the Disposals. Approximately US\$36.8 million net liabilities will be taken out from the Group and the Group’s financial position will turn

back to net assets for the coming FY2019. Please refer to the Company's announcement dated 16 April 2019 entitled "Disposal of subsidiaries and Grant of conditional waiver from Rule 1014(2) of The Listing Manual of the SGX-ST" for further information.

The Board will continue to review and assess the group structure and the overall financial position of the Group and carry out further restructurings, if necessary.

Material Development, Future Direction and Prospects

The Group has engaged in the Tinplate Manufacturing business since 2012. Located in Jiangsu, the Tinplate Manufacturing segment with its Taizhou plant ("**Taizhou Plant**") is principally engaged in manufacturing, sales and distribution of tinplate products. With a strong team of competent and experienced personnel, coupled with an indisputable technology, high-quality-level products as well as comparatively new machine and equipment, the Group has successfully strived the resumption of the operations of the factory in Taizhou in May 2018.

Tinplate products are widely used in packaging material such as processed food and beverage, paints, aerosols, cooking oil and cover/lid/shell of different types of containers. Tinplate products are non-toxic, highly resistance to corrosion, able to preserve food better by blocking light as oxidant and also with high recyclability. The stringent environmental rules in mainland China have forced unqualified factories closure since 2018 which has significantly lowered the supply of tinplate products in PRC and export. Since the inception of revitalization, the Taizhou plant has been designed with the proper consideration on environmental protection. A 3-year sewage disposal license was granted on 18 December 2018 by the Taizhou City Environmental Protection Bureau which enable the Taizhou plant to expand its value chain on a critical process the "pickling" for the raw steel. Taizhou plant is highly recognised by the Government of Xinhua City, Taizhou in Jiangsu province.

Demand has also been growing with the increasing use of tinplate to replace the non-degradable packages and also as substitutes to overcome the current dis-advantages in using PET material for (e.g. for cooking oil). Furthermore, the increasing consumption of canned food together with the growth of e-commerce purchases on canned food all over the world compounded the growth in demand of tinplate products.

With the support of our Executive Chairman, Mr. Zhu Jun, the Company considers its Tinplate Manufacturing business having enormous growth potential and becoming the key revenue driver of the Group.

The Board will continue to review the available options to meet the requirements of Rule 1314(1) of the Listing Manual and removal from the Watch-List.

BY ORDER OF THE BOARD

Zhu Jun

Executive Chairman and Executive Director

17 April 2019