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.

Pursuant to Rule 1313 (2), the Company hereby provides the following updates relating to the unaudited management accounts for the first quarter ended 31 March 2014 ("1Q2014").

Update on the unaudited Financial Position as at 31 March 2014 and for 1Q2014

The Group's divestment of the ice cream and frozen food segments has been approved by shareholders during an extraordinary general meeting convened on 10 April 2012 and completion of the said divestment was on 2 May 2012. As such, the financials of the Group for 1Q2014 and the corresponding period for 3 months ended 31 March 2013 ("1Q2013") consisted solely the Group's remaining flexible packaging business (the "Packaging Business").

The Group's revenue for 1Q2014 was RMB37.9 million compared to RMB45.0 million for 1Q2013, representing a decrease of 15.8%. Compared to the RMB245.4 million achieved for the year ended 31 December 2013 ("FY2013"), the revenue achieved for 1Q2014 was 15.4% of that for FY2013. The first quarter of every year is normally sluggish given the downtime in operations brought about by the Chinese New Year break and the general slowdown after the Group's key customers in the consumer products had already stock up in advance in the fourth quarter of every year. Sales was lower in 1Q2014 compared to 1Q2013 as the Group faced pricing pressures from the Group's key customers and reduction in orders compared to last period. In 1Q2013, the Group was also able to sell more semi-finished generic packaging products.

The Group's gross margins were lower at 12.6% in 1Q2014 compared to 15.4% for FY2013 due to the pricing pressures. The Group also recorded a small net loss attributable to owners of the Company of RMB0.7 million for 1Q2014 compared to RMB1.1 million for 1Q2013. The loss was mainly attributable to lower gross margins, offset by a foreign exchange gain of RMB0.8 million in 1Q2014 compared to a foreign exchange loss of RMB0.5 million in 1Q2013. Ignoring the effects of the foreign exchange gain or loss, the Group's loss attributable to owners of the Company would have been higher at RMB1.5 million for 1Q2014.

The Group's net equity attributable to owners of the Company decreased slightly from RMB20.6 million as 31 December 2013 to RMB19.4 million as at 31 March 2014 mainly due to the losses incurred in 1Q2014. Group's external bank borrowings increased from RMB72.7 million as at 31 December 2013 to RMB78.2 million as at 31 March 2014.

Update on Future Direction and Material Development

Following the divestment of the food segments, the Group had been relieved of the losses sustained by the ice cream and frozen 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 Group has seen a change of its major shareholders and a new major shareholder in the business of providing energy conservation services and upgrading of existing infrastructure projects with green architect and green technology in China has bought into the Group following a mandatory conditional cash takeover offer completed on 2 January 2014. The Group plans to diversify into this business while retaining the Packaging Business for new income streams. Based on this, the Company has applied to SGX-ST for an extension of the Watch-list and has been granted a 12-month extension, which is due to expire on 5 March 2015 to allow the Group more time to diversify its business and secure new income streams.

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 conditional 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
9 May 2014