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## **YORKSHINE HOLDINGS LIMITED**

**煜新控股有限公司\***

*(Company Registration No. 198902648H)*

*(Incorporated in Singapore with limited liability)*

**Hong Kong Stock Code: 1048**

**Singapore Stock Code: MR8**

### **OVERSEAS REGULATORY ANNOUNCEMENT FY2019 FIRST QUARTERLY RESULTS**

This overseas regulatory announcement is a reproduction of the announcement made by Yorkshine Holdings Limited (the “Company”) regarding the unaudited quarterly results of the Company and its subsidiaries for the first quarter ended 31 July 2018 for compliance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This announcement is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited. The financial information set out in this announcement has been prepared in accordance with Singapore Financial Reporting Standards. It has not been audited or reviewed by the auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

On behalf of the Board

**YORKSHINE HOLDINGS LIMITED**

**Zhu Jun**

*Executive Chairman and Executive Director*

Hong Kong, 6 May 2019

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

\* For identification purpose only

# YORKSHINE HOLDINGS LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 198902648H)

## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 JULY 2018

### PART I INFORMATION REQUIRED FOR FIRST QUARTER ANNOUNCEMENT

The board of directors (the “**Board**”) of Yorkshire Holdings Limited (the “**Company**”), together with its subsidiaries, (collectively, the “**Group**”) announce the following unaudited results of the Group for the first quarter ended 31 July 2018 (“**1QFY2019**”).

**1. (a)(i) An income statement and statement of comprehensive income for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

*Consolidated Income Statement for the First Quarter ended 31 July 2018*

	Group		
	3 months period ended		Increase/ (Decrease)
	31 July 2018 US\$'000	31 July 2017 US\$'000	%
Revenue	1,283	–	NM
Cost of sales	(2,166)	–	NM
Gross loss	(883)	–	NM
Other income	69	806	-91%
Administrative expenses	(1,561)	(1,746)	-11%
Other expenses	(821)	(48)	>100%
Finance costs	(877)	(328)	>100%
Loss before tax	(4,073)	(1,316)	>100%
Income tax	(9)	–	NM
Loss for the period	(4,082)	(1,316)	>100%
<b>Attributable to:</b>			
Equity holders of the Company	(3,988)	(1,284)	
Non-controlling interests	(94)	(32)	
	(4,082)	(1,316)	

*NM – not meaningful*

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*Consolidated Statement of Comprehensive Income for the First Quarter ended  
31 July 2018*

	<b>Group</b>		
	<b>3 months period ended</b>		
	<b>31 July 2018</b>	31 July 2017	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%
Loss for the period	<b>(4,082)</b>	(1,316)	>100%
<b>Other comprehensive income/ (loss), net of tax:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	<u><b>(1,684)</b></u>	<u>730</u>	NM
<b>Total comprehensive loss for the period</b>	<u><b>(5,766)</b></u>	<u>(586)</u>	>100%
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the Company	<u><b>(5,555)</b></u>	<u>(581)</u>	>100%
Non-controlling interests	<u><b>(211)</b></u>	<u>(5)</u>	>100%
<b>Total comprehensive loss for the period</b>	<u><b>(5,766)</b></u>	<u>(586)</u>	>100%

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**1. (a)(ii) Notes to the Consolidated Income Statement and Statement of Comprehensive Income**

Loss before tax is stated after charging/(crediting):

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
	<b><i>US\$'000</i></b>	<b><i>US\$'000</i></b>
Amortisation of deferred income	–	(224)
Amortisation of land use rights	–	1
Depreciation of property, plant and equipment ("PPE")	<b>36</b>	540
Depreciation of PPE recognised as an expense in cost of sales	<b>460</b>	–
Loss on disposal of PPE	–	46
Material costs recognised as an expense in cost of sales	<b>1,671</b>	–
Net loss/(gain) on foreign exchange	<b>776</b>	(568)
Rental expenses	<b>170</b>	182
Staff costs	<b>679</b>	552

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1. (b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

*Statements of Financial Position*

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 July 2018 US\$'000</b>	<b>(Audited) As at 30 April 2018 US\$'000</b>	<b>As at 31 July 2018 US\$'000</b>	<b>(Audited) As at 30 April 2018 US\$'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<b>41,839</b>	45,165	–	–
Investment property	<b>949</b>	1,046	–	–
Land use rights	<b>2,182</b>	2,781	–	–
Investments in subsidiaries	–	–	<b>21</b>	21
<b>Total non-current assets</b>	<b>44,970</b>	48,992	<b>21</b>	21
<b>Current assets</b>				
Inventories	<b>2,521</b>	652	–	–
Trade and other receivables	<b>9,214</b>	7,971	<b>5,889</b>	5,846
Cash and cash equivalents	<b>1,409</b>	1,262	<b>66</b>	66
<b>Total current assets</b>	<b>13,144</b>	9,885	<b>5,955</b>	5,912
<b>Total assets</b>	<b>58,114</b>	58,877	<b>5,976</b>	5,933
<b>Liabilities</b>				
<b>Non-current liability</b>				
Borrowings	<b>960</b>	960	–	–
<b>Total non-current liability</b>	<b>960</b>	960	–	–

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*Statements of Financial Position (Cont'd)*

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	(Audited) <b>As at</b>	<b>As at</b>	(Audited) <b>As at</b>
	<b>31 July</b>	<b>30 April</b>	<b>31 July</b>	<b>30 April</b>
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current liabilities</b>				
Trade and other payables	<b>20,476</b>	16,341	<b>4,368</b>	4,061
Borrowings	<b>51,943</b>	51,072	–	–
Deferred income	<b>64</b>	67	–	–
<b>Total current liabilities</b>	<b>72,483</b>	67,480	<b>4,368</b>	4,061
<b>Total liabilities</b>	<b>73,443</b>	68,440	<b>4,368</b>	4,061
<b>Net assets/(liabilities)</b>	<b>(15,329)</b>	(9,563)	<b>1,608</b>	1,872
<b>Equity</b>				
Share capital	<b>38,390</b>	38,390	<b>114,891</b>	114,891
Accumulated losses	<b>(60,907)</b>	(56,879)	<b>(115,884)</b>	(115,620)
Foreign currency translation reserve	<b>1,181</b>	2,748	–	–
Statutory reserve	<b>33</b>	33	–	–
Other reserves	<b>3,174</b>	3,134	<b>2,601</b>	2,601
Total equity attributable to equity holders of the Company	<b>(18,129)</b>	(12,574)	<b>1,608</b>	1,872
Non-controlling interests	<b>2,800</b>	3,011	–	–
<b>Total equity/(deficit)</b>	<b>(15,329)</b>	(9,563)	<b>1,608</b>	1,872

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## 1. (b)(ii) Aggregate amount of Group's borrowings and debt securities

	Group			
	As at 31 July 2018		(Audited) As at 30 April 2018	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less	2,347	49,596	3,495	47,577
Amount repayable after one year	960	–	960	–

### *Details of any collaterals*

As at 31 July 2018, the Group's bank loan and loan from Real Shine Capital Limited ("RSCL") granted to one of the subsidiaries in the People's Republic of China (the "PRC") are secured by way of:

- Legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- Legal pledge of land use rights, construction work-in-progress, investment property, building and plant and machinery; and
- Floating mortgage.

The revolving credit facility is secured by legal mortgage over the investment property, land use rights and plant and machinery of a PRC subsidiary.

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1. (c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

*Consolidated Statement of Cash Flows*

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Cash flows from operating activities</b>		
Loss before tax	<b>(4,073)</b>	(1,316)
<u>Adjustments for:</u>		
Amortisation of deferred income	–	(224)
Amortisation of land use rights	–	1
Depreciation of property, plant and equipment	<b>460</b>	540
Interest expense	<b>802</b>	325
Written off of property, plant and equipment	–	46
	<hr/>	<hr/>
<b>Operating cash flows before movements in working capital</b>	<b>(2,811)</b>	(628)
Inventories	<b>(1,869)</b>	(31)
Increase in trade and other receivables	<b>(1,243)</b>	(591)
Increase in trade and other payables	<b>2,137</b>	1,018
Currency translation differences	<b>2,714</b>	(761)
Land use rights	–	519
	<hr/>	<hr/>
Cash used in operations	<b>(1,072)</b>	(474)
Income tax paid	<b>(9)</b>	–
	<hr/>	<hr/>
Net cash used in operating activities	<b>(1,081)</b>	(474)



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*Consolidated Statement of Cash Flows (Cont'd)*

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<u>(880)</u>	<u>–</u>
Net cash used in investing activities	<b>(880)</b>	<b>–</b>
<b>Cash flows from financing activities</b>		
Advance from ultimate holding company	<b>256</b>	<b>–</b>
Net proceeds from short-term borrowings and bills payable	<b>–</b>	<b>262</b>
Advance from a director	<b>1,852</b>	<b>–</b>
Interest expense paid	<u><b>–</b></u>	<u><b>(325)</b></u>
Net cash generated from/(used in) financing activities	<b>2,108</b>	<b>(63)</b>
Net increase/(decrease) in cash and cash equivalents	<b>147</b>	<b>(537)</b>
Cash and cash equivalents at beginning of the period	<u><b>1,262</b></u>	<u><b>6,888</b></u>
Cash and cash equivalents at end of the period	<u><b>1,409</b></u>	<u><b>6,351</b></u>

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1. (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

*Consolidated Statement of Changes in Equity*

	Group							Total equity
	Share capital	Accumulated losses	Foreign currency translation reserve	Statutory reserve	Other reserves	Total equity attributable to equity holders of the Company	Non-controlling interests	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
			(Restated)					
As at 1 May 2017 (Audited)	38,390	(42,905)	483	33	3,096	(903)	1,662	759
Total comprehensive income/ (loss) for the period	-	(1,284)	647	-	56	(581)	(5)	(586)
As at 31 July 2017	<u>38,390</u>	<u>(44,189)</u>	<u>1,130</u>	<u>33</u>	<u>3,152</u>	<u>(1,484)</u>	<u>1,657</u>	<u>173</u>
As at 1 May 2018 (Audited)	38,390	(56,879)	2,748	33	3,134	(12,574)	3,011	(9,563)
Transfer to other reserves	-	(40)	-	-	40	-	-	-
Loss for the period	-	(3,988)	-	-	-	(3,988)	(94)	(4,082)
Other comprehensive income: Currency translation differences arising on consolidation	-	-	(1,567)	-	-	(1,567)	(117)	(1,684)
Total comprehensive profit/(loss) for the period	-	(3,988)	(1,567)	-	-	(5,555)	(211)	(5,766)
As at 31 July 2018	<u>38,390</u>	<u>(60,907)</u>	<u>1,181</u>	<u>33</u>	<u>3,174</u>	<u>(18,129)</u>	<u>2,800</u>	<u>(15,329)</u>

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*Statement of Changes in Equity*

	<b>Company</b>			
	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Other reserves</b>	<b>Total equity</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
As at 1 May 2017 (Audited)	114,891	(3,161)	2,601	114,331
Loss and total comprehensive loss for the period	<u>–</u>	<u>(143)</u>	<u>–</u>	<u>(143)</u>
As at 31 July 2017	<u>114,891</u>	<u>(3,304)</u>	<u>2,601</u>	<u>114,188</u>
As at 1 May 2018 (Audited)	<b>114,891</b>	<b>(115,620)</b>	<b>2,601</b>	<b>1,872</b>
Loss and total comprehensive loss for the period	<u>–</u>	<u>(264)</u>	<u>–</u>	<u>(264)</u>
As at 31 July 2018	<u><b>114,891</b></u>	<u><b>(115,884)</b></u>	<u><b>2,601</b></u>	<u><b>1,608</b></u>

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1. (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There was no change in the Company's share capital since the end of the previous period reported on 30 April 2018. As at 31 July 2018, the Company's issued and fully paid-up shares were 191,484,269 ordinary shares with voting rights.

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

There were no outstanding convertibles, treasury shares or share option as at 31 July 2018 and 31 July 2017.

1. (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	<u>Company</u>	
		(Audited)
	As at	As at
	31 July	30 April
	2018	2018
Total number of issued shares, excluding treasury shares	<b>191,484,269</b>	191,484,269

There were no treasury shares as at 31 July 2018 and 30 April 2018.

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1. (d)(iv) **A statement showing all sales, transfers, disposal and cancellation and/or use of treasury shares as at the end of the current financial period reported on 31 July 2018**

Not applicable.

1. (d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on 31 July 2018**

Not applicable.

2. **Where the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's independent auditor.

3. **Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has basically adopted the same accounting policies and methods of computation as the most recently audited annual financial statements of the Company have been applied.

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the current financial year ending 30 April 2019 is prepared in accordance with SFRS(I) issued by ASC.

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The following are relevant SFRS(I) that have been adopted:

- SFRS(I) 9 “Financial Instruments” which replaced FRS 39;
- SFRS(I) 15 “Revenue from Contracts with Customers” replaced FRS 18 “Revenue”, FRS 11 “Construction contracts” and other revenue-related interpretations; and
- SFRS(I) 16 “Leases” replaced the existing FRS 17 “Leases”.

The application of the IFRS Convergence new standards, amendments to standards and interpretations does not have any significant impact on the financial statements of the Group.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Please refer to Paragraph 4 above.

6. **Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	<b>Group</b>	
	<b>3 months period ended</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
Loss per share for the period attributable to equity holders of the Company (in US cents per share):		
(a) Basic	<b>(2.08)</b>	(0.67)
(b) Diluted	<b>(2.08)</b>	(0.67)
Details:		
Loss for the period attributable to equity holders of the Company (stated in US\$'000)	<b>(3,988)</b>	(1,284)
Weighted average number of ordinary shares ('000)	<b>191,484</b>	191,484

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**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

**(a) Current financial period reported on; and**

**(b) Immediately preceding financial year**

	<u>Group</u>		<u>Company</u>	
	(Audited)		(Audited)	
	As at	As at	As at	As at
	31 July	30 April	31 July	30 April
	2018	2018	2018	2018
Net assets/(liabilities) value per ordinary share based on issued share capital of the issuer (in US cents per share)	<b>(9.47)</b>	(6.57)	<b>0.84</b>	0.98
Number of shares in issue ('000)	<b>191,484</b>	191,484	<b>191,484</b>	191,484

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

## **Review of Performance**

For the financial period ended 31 July 2018 ("1QFY2019"), the Group was principally engaged in manufacturing, sales and distribution of tinplate and related products for metal packaging industry ("Tinplate Manufacturing business") in the People's Republic of China (the "PRC") and trading of iron ore, coal and steel products across the globe ("Trading & Distribution business"). The Trading and Distribution business is still under temporarily suspension during 1QFY2019.

**(A) Result of the financial period***Revenue and Gross Profit*

Tinplate Manufacturing business has resumed its operation in May 2018 and generated revenue of RMB8.7 million in June 2018, approximately equivalent to US\$1.3 million. Given the nature of manufacturing business, it will take some time/buffer from the kick-off to generate profits. The gross loss is due to pilot production stage.

The Company will consider resume the Trading & Distribution business, which is under temporarily suspension, should market and economic conditions prevail.

*Other Income*

Other income for 1QFY2019 was US\$69,000, decreased by US\$737,000 compared to the corresponding period last year. It was mainly due to a deferred income which has been fully amortised. It was also noted that an exchange loss of US\$776,000 was recorded in 1QFY2019.

*Administrative Expenses*

Administrative expenses for 1QFY2019 of US\$1,561,000 was steady compared to 1QFY2018 and mainly comprised of staff costs of US\$679,000 (1QFY2018: US\$552,000). Most of the depreciation charge of PPE was grouped under cost of sales in the current financial period, which was categorised in the administrative expenses in 1QFY2018.

*Other Expenses*

Other expenses increased by US\$773,000 from US\$48,000 in 1QFY2018 to US\$821,000 in 1QFY2019. The increase was mainly due to the exchange loss incurred in the current financial period of US\$776,000. Exchange rate of Renminbi (“RMB”) to USD decreased by approximately 7% in the current reporting period.

*Finance costs*

Finance costs for 1QFY2019 was US\$877,000 (1QFY2018: US\$328,000) of which US\$802,000 was deemed interest expenses on the interest-free loans due to the former immediate and ultimate holding company. The increase in finance cost was due to under-provision of the aforesaid interests in 1QFY2018.



*Inventories*

Inventories increased by approximately US\$1.8 million from US\$0.7 million as at 30 April 2018 to US\$2.5 million as at the end of the reporting period due to the resumption of Tinsplate Manufacturing business in May 2018.

*Trade and other receivables*

Due to the resumption of Tinsplate Manufacturing business in May 2018, advances paid to suppliers for the purchase of material increased by approximately US\$1.4 million. Total trade and other receivables increased by US\$1.2 million from US\$8.0 million as at 30 April 2018 to US\$9.2 million as at 31 July 2018. Aging of the Group's trade and other receivables are being monitored, and no further allowance for impairment of trade and other receivables as at 31 July 2018 is necessary as there was no recent history of significant default in respect of these trade and other receivables.

*Trade and other payables*

Trade and other payables increased by US\$4.2 million from US\$16.3 million as at 30 April 2018 to US\$20.5 million as at 31 July 2018. The increase was mainly due to additional US\$2.6 million working capital advances obtained from a director and related parties. Advances from a director are non-trade nature and interest-free. Advances from related parties are non-trade nature and carrying an interest of 1% per annum. As at the reporting date, sales deposits received was approximately to US\$2.2 million, a US\$1.5 million increase compared to US\$0.7 million as at 30 April 2018, the increment was in line with the resumption of Tinsplate Manufacturing business in May 2018.

**(B) Liquidity and Financial Resources***Cash & Cash Equivalents*

Total cash and cash equivalents of the Group were US\$1,409,000 as at 31 July 2018 which has no significant change compared to 30 April 2018.

*Cash Flows***(a) Cash used in operating activities**

Net cash of US\$1.1 million has been used in operating activities, including a net increase of US\$1.0 million in working capital covering the increase in inventory (cash outflow of US\$1.9 million), increase in trade and other receivables (cash outflow of US\$1.2 million) and increase in trade and other payables (cash inflow of US\$2.1 million).

**(b) Cash used in investing activities and financing activities**

During the current financial period, the Group has used approximately US\$0.9 million cash in investing PPE. Additional cash advances totaling US\$2.1 million from a director and immediate and ultimate holding company was received to support the operations of the Group. Total equity attributable to equity holders of the Company was at deficit of US\$18.1 million. The Group has been relying on the financial support from the Golden Star Group Limited and Mr. Zhu Jun, the ultimate controlling party of the Group.

*Borrowings*

As at 31 July 2018, certain assets of the Group have been pledged to banks and RSCL as securities against borrowings granted to the Group.

The Group will continue to allocate funds for development of product portfolio, enhancement of capacity, broadening customer basis, capturing sales and market opportunities.

During the financial period, the Group had not used any derivative instruments to hedge against foreign currency exposure in operation as the Board considered this exposure to be insignificant with the limited trade receivables and payable for the period.

The Group closely monitors the movement of foreign exchange rates and constantly seeks to obtain favorable exchange rates for currencies exchange (if any) in paying local operating expenses.

On 15 April 2019, the Group transferred two wholly-owned subsidiaries to a company wholly-owned by Mr. Zhu Jun, the executive Chairman, the executive Director and controlling shareholder of the Company at a consideration of HK\$780 (equivalent to approximately US\$100) (the “Disposals”). Given the two disposed subsidiaries have been inactive with no business operations for more than a year and are still in net liability position as at the date of disposal, the Directors are of the view that the foregoing Disposals (together with the consideration) are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board will continue to review and assess the group structure and the overall financial position of the Group and carry out further restructurings as and when appropriate. Upon completion of the Disposals, each of the disposed subsidiary ceased to be a subsidiary of the Company, 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.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

**Business Review and Outlook**

*Business review*

The Group has engaged in the Tinsplate Manufacturing business since 2012. Located in Jiangsu, the Tinsplate Manufacturing segment with its Taizhou plant (“Taizhou Plant”) is principally engaged in manufacturing, sales and distribution of tinsplate 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.

***Outlook***

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, high 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 Xinghua 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 disadvantages 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.

In spite of the suspension of operation of the Taizhou Plant throughout FY2018, the Group has laid down strong foundations throughout the chain of steel product manufacturing and has established a strong presence and will continue to have a strong influence in the steel industry. The Company may consider to resume the Trading and Distribution business, which is under temporarily suspension, should market and economic conditions prevail.

The Group continues to explore and identify more meaningful investment and other business opportunities riding on the “One Belt; One Road”, the construction of Greater Bay Area and the high growth in mainland China.

**11. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

None.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

**12. If no dividend has been declared or recommended, a statement to that effect and the reason(s) for the decision**

The Directors do not declare or recommend any dividend for the first quarter ended 31 July 2018. The Group will be retaining its cash for expansion purpose.

**13. If the Group has obtained a general mandate from shareholders for interested person transaction, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited. If no interested person transaction mandate has been obtained, a statement to that effect**

The Company has not obtained any general mandate from shareholders pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**14. Update on use of proceeds**

Not applicable.

**15. Negative confirmation pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

On behalf of the Board, Mr. Zhu Jun and Ms. Wang Jianqiao, the executive Directors of the Company, confirm to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements of the Group for the first quarter ended 31 July 2018 to be false or misleading in any material aspect.

**16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

Yes.

On behalf of the Board

**Zhu Jun**

*Executive Chairman and Executive Director*

6 May 2019