

YORKSHINE HOLDINGS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018

PART I INFORMATION REQUIRED FOR SECOND QUARTER ANNOUNCEMENT

The board of directors (the “**Board**”) of Yorkshine Holdings Limited (the “**Company**”) together with its subsidiaries (collectively, the “**Group**”) announce the following unaudited results of the Group for the second quarter ended 31 October 2018 (“**2QFY2019**”).

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 Second Quarter ended 31 October 2018

| | Group | | | | | |
|-------------------------------|--------------------------------|--------------------------------|------------------------------|--------------------------------|--------------------------------|------------------------------|
| | 3 months period ended | | | 6 months period ended | | |
| | 31 October 2018 US\$'000 | 31 October 2017 US\$'000 | Increase/ (Decrease) % | 31 October 2018 US\$'000 | 31 October 2017 US\$'000 | Increase/ (Decrease) % |
| Revenue | 4,313 | – | NM | 5,596 | – | NM |
| Cost of sales | (5,406) | – | NM | (7,572) | – | NM |
| Gross loss | (1,093) | – | NM | (1,976) | – | NM |
| Other income | 358 | 419 | (15%) | 427 | 1,225 | (65%) |
| Administrative expenses | (1,390) | (2,373) | (41%) | (2,951) | (4,119) | (28%) |
| Other expenses | (525) | (10) | >100% | (1,346) | (58) | >100% |
| Finance costs | (94) | (331) | (72%) | (971) | (659) | 47% |
| Loss before tax | (2,744) | (2,295) | 20% | (6,817) | (3,611) | 89% |
| Income tax | – | (7) | NM | (9) | (7) | 29% |
| Loss for the period | <u>(2,744)</u> | <u>(2,302)</u> | 19% | <u>(6,826)</u> | <u>(3,618)</u> | 89% |
| Attributable to: | | | | | | |
| Equity holders of the Company | (3,281) | (2,208) | 49% | (7,269) | (3,492) | >100% |
| Non-controlling interests | <u>537</u> | <u>(94)</u> | NM | <u>443</u> | <u>(126)</u> | NM |
| | <u>(2,744)</u> | <u>(2,302)</u> | 19% | <u>(6,826)</u> | <u>(3,618)</u> | 89% |

NM – NOT meaningful

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Consolidated Statement of Comprehensive Income for the Second Quarter ended 31 October 2018

| | Group | | | | | |
|--|---------------------------------------|---------------------------------------|------------------------------|---------------------------------------|---------------------------------------|------------------------------|
| | 3 months period ended | | | 6 months period ended | | |
| | 31 October 2018 <i>US\$'000</i> | 31 October 2017 <i>US\$'000</i> | Increase/ (Decrease) % | 31 October 2018 <i>US\$'000</i> | 31 October 2017 <i>US\$'000</i> | Increase/ (Decrease) % |
| | | | | | | |
| Loss for the period | (2,744) | (2,302) | 19% | (6,826) | (3,618) | 89% |
| Other comprehensive income/(loss), net of tax: | | | | | | |
| Acquisition/(disposal) of subsidiaries | (2,353) | 869 | NM | (2,353) | 869 | NM |
| Currency translation differences arising on consolidation | 827 | 195 | >100% | (857) | 926 | NM |
| Total comprehensive loss for the period | (4,270) | (1,238) | >100% | (10,036) | (1,823) | >100% |
| Total comprehensive loss for the period attributable to : | | | | | | |
| Equity holders of the Company | (3,452) | (1,799) | 92% | (9,007) | (2,378) | >100% |
| Non-controlling interests | (818) | 561 | NM | (1,029) | 555 | NM |
| Total comprehensive loss for the period | (4,270) | (1,238) | >100% | (10,036) | (1,823) | >100% |

YORKSHINE HOLDINGS LIMITED**(Incorporated in Singapore)
(Co. Reg. No. 198902648H)****1. (a)(ii) Notes to the Consolidated Income Statement and Statement of Comprehensive Income***Loss before tax is stated after charging/(crediting):*

| | Group | | | |
|---|------------------------------|-----------------|------------------------------|-----------------|
| | 3 months period ended | | 6 months period ended | |
| | 31 October | 31 October | 31 October | 31 October |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Amortisation of deferred income | – | – | – | (224) |
| Amortisation of land use rights | – | – | – | 1 |
| Depreciation of property, plant and equipment (“PPE”) | 35 | 550 | 71 | 1,090 |
| Depreciation of PPE recognised on an expense in cost of sales | 547 | – | 1,007 | – |
| Loss on disposal of PPE | 45 | 46 | 45 | 46 |
| Material costs recognised as an expense in cost of sales | 4,114 | – | 5,786 | – |
| Net loss/(gain) on foreign exchange | 494 | (181) | 1,270 | (796) |
| Rental expenses | 169 | 211 | 339 | 383 |
| Staff costs | 559 | 769 | 1,238 | 1,579 |

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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

| | Group | | Company | |
|---------------------------------|--|---|--|---|
| | As at 31 October 2018 <i>US\$'000</i> | (Audited) As at 30 April 2018 <i>US\$'000</i> | As at 31 October 2018 <i>US\$'000</i> | (Audited) As at 30 April 2018 <i>US\$'000</i> |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 39,772 | 45,165 | – | – |
| Investment property | 949 | 1,046 | – | – |
| Land use rights | 2,488 | 2,781 | – | – |
| Investments in subsidiaries | – | – | 21 | 21 |
| | 43,209 | 48,992 | 21 | 21 |
| Total non-current assets | | | | |
| Current assets | | | | |
| Inventories | 3,093 | 652 | – | – |
| Trade and other receivables | 6,174 | 7,971 | 5,882 | 5,846 |
| Cash and cash equivalents | 1,084 | 1,262 | 66 | 66 |
| | 10,351 | 9,885 | 5,948 | 5,912 |
| Total current assets | | | | |
| | 53,560 | 58,877 | 5,969 | 5,933 |
| Total assets | | | | |

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Statements of Financial Position (Cont'd)

| | Group | | Company | |
|--------------------------------------|--|---|--|---|
| | As at 31 October 2018 <i>US\$'000</i> | (Audited) As at 30 April 2018 <i>US\$'000</i> | As at 31 October 2018 <i>US\$'000</i> | (Audited) As at 30 April 2018 <i>US\$'000</i> |
| Liabilities | | | | |
| Non-current liability | | | | |
| Borrowings | 960 | 960 | - | - |
| Total non-current liability | 960 | 960 | - | - |
| Current liabilities | | | | |
| Trade and other payables | 20,450 | 16,341 | 4,685 | 4,061 |
| Borrowings | 51,688 | 51,072 | - | - |
| Deferred income | 61 | 67 | - | - |
| Total current liabilities | 72,199 | 67,480 | 4,685 | 4,061 |
| Total liabilities | 73,159 | 68,440 | 4,685 | 4,061 |
| Net assets/(liabilities) | (19,599) | (9,563) | 1,284 | 1,872 |
| Equity | | | | |
| Share capital | 38,390 | 38,390 | 114,891 | 114,891 |
| Accumulated losses | (64,148) | (56,879) | (116,208) | (115,620) |
| Foreign currency translation reserve | 1,543 | 2,748 | - | - |
| Statutory reserve | 33 | 33 | - | - |
| Other reserves | 2,601 | 3,134 | 2,601 | 2,601 |
| Total equity attributable to: | | | | |
| Equity holders of the Company | (21,581) | (12,574) | 1,284 | 1,872 |
| Non-controlling interests | 1,982 | 3,011 | - | - |
| Total equity/(deficit) | (19,599) | (9,563) | 1,284 | 1,872 |

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

| | Group | | | |
|---|------------------------------|------------------|--|------------------|
| | As at 31 October 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 | 2,297 | 49,391 | 3,495 | 47,577 |
| Amount repayable after one year | 960 | – | 960 | – |

As at 31 October 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 pledged of equity interest agreement, escrow account agreement, insurance agreement and receivable agreements;
- Legal pledged 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

| | Group | | | |
|---|------------------------------|-----------------|------------------------------|-----------------|
| | 3 months period ended | | 6 months period ended | |
| | 31 October | 31 October | 31 October | 31 October |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Cash flows from operating activities | | | | |
| Loss before tax | (2,744) | (2,295) | (6,817) | (3,611) |
| Adjustments for: | | | | |
| Amortisation of deferred income | – | – | – | (224) |
| Amortisation of land use rights | – | – | – | 1 |
| Gain on disposal of a subsidiary | (104) | – | (104) | – |
| Depreciation of property, plant and equipment | 547 | 550 | 1,076 | 1,090 |
| Interest expense | – | 328 | 802 | 653 |
| Written off of PPE | – | – | – | 46 |
| | | | | |
| Operating cash flow before movements in working capital | (2,301) | (1,417) | (5,043) | (2,045) |
| Increase in inventories | (573) | (49) | (2,442) | (79) |
| (Increase)/decrease in trade and other receivables | 3,041 | (1,198) | 1,797 | (1,270) |
| Increase/(decrease) in trade and other payables | (87) | 2,108 | 2,050 | 3,126 |
| Currency translation differences | (396) | (289) | 2,250 | (1,051) |
| | | | | |
| Cash used in operations | (316) | (845) | (1,388) | (1,319) |
| Income tax paid | – | (7) | (9) | (7) |
| | | | | |
| Net cash used in operating activities | (316) | (852) | (1,397) | (1,326) |

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Consolidated Statement of Cash Flows (Cont'd)

| | Group | | | |
|---|------------------------------|-----------------|------------------------------|-----------------|
| | 3 months period ended | | 6 months period ended | |
| | 31 October | 31 October | 31 October | 31 October |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Cash flows from investing activities | | | | |
| Acquisition of subsidiaries | – | (21) | – | (21) |
| Purchase of property, plant and equipment | (122) | – | (1,002) | – |
| | (122) | – | (1,002) | – |
| Net cash used in investing activities | (122) | (21) | (1,002) | (21) |
| Cash flows from financing activities | | | | |
| Advance from ultimate holding company | – | – | 256 | – |
| Net proceeds from short-term borrowings and bills payable | – | 87 | – | 349 |
| Advance from a director | 113 | – | 1,965 | – |
| Interest expense paid | – | (328) | – | (653) |
| | 113 | (241) | 2,221 | (304) |
| Net cash generated from/ (used in) financing activities | 113 | (241) | 2,221 | (304) |
| Net decrease in cash and cash equivalents | (325) | (1,114) | (178) | (1,651) |
| Cash and cash equivalents at beginning of the period | 1,409 | 6,351 | 1,262 | 6,888 |
| Cash and cash equivalents at end of the period | 1,084 | 5,237 | 1,084 | 5,237 |

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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 capitalization 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 | | | | | | | |
|---|-------------------|--------------------|--------------------------------------|-------------------|-------------------|--|---------------------------|-------------------|
| | Share capital | Accumulated losses | Foreign currency translation reserve | Statutory reserve | Other reserves | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
| | <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> |
| As at 1 May 2017 (Audited) | 38,390 | (42,905) | 483 | 33 | 3,096 | (903) | 1,662 | 759 |
| Acquisition of subsidiaries | - | - | - | - | 280 | 280 | 589 | 869 |
| Loss for the period | - | (3,492) | - | - | - | (3,492) | (126) | (3,618) |
| Currency translation differences arising on consolidation | - | - | 1,026 | - | (192) | 834 | 92 | 926 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total comprehensive income/(loss) for the period | - | (3,492) | 1,026 | - | 88 | (2,378) | 555 | (1,823) |
| As at 31 October 2017 | <u>38,390</u> | <u>(46,397)</u> | <u>1,509</u> | <u>33</u> | <u>3,184</u> | <u>(3,281)</u> | <u>2,217</u> | <u>(1,064)</u> |
| As at 1 May 2018 (Audited) | 38,390 | (56,879) | 2,748 | 33 | 3,134 | (12,574) | 3,011 | (9,563) |
| Gain/(loss) for the period | - | (7,269) | - | - | - | (7,269) | 443 | (6,826) |
| Disposal of a subsidiary | - | - | (456) | - | (521) | (977) | (1,376) | (2,353) |
| Currency translation differences arising on consolidation | - | - | (749) | - | (12) | (761) | (96) | (857) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total comprehensive loss for the period | - | (7,269) | (1,205) | - | (533) | (9,007) | (1,029) | (10,036) |
| As at 31 October 2018 | <u>38,390</u> | <u>(64,148)</u> | <u>1,543</u> | <u>33</u> | <u>2,601</u> | <u>(21,581)</u> | <u>1,982</u> | <u>(19,599)</u> |

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Statement of Changes in Equity

| | Company | | | |
|--|----------------|--------------------|----------------|----------------|
| | Share capital | Accumulated losses | Other reserves | Total equity |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| As at 1 May 2017 (Audited) | 114,891 | (3,161) | 2,601 | 114,331 |
| Loss and total comprehensive loss for the period | – | (605) | – | (605) |
| As at 31 October 2017 | <u>114,891</u> | <u>(3,766)</u> | <u>2,601</u> | <u>113,726</u> |
| As at 1 May 2018 (Audited) | 114,891 | (115,620) | 2,601 | 1,872 |
| Loss and total comprehensive loss for the period | – | (588) | – | (588) |
| As at 31 October 2018 | <u>114,891</u> | <u>(116,208)</u> | <u>2,601</u> | <u>1,284</u> |

1. (d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, 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 31 July 2018. As at 31 October 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, subsidiary holdings or share option as at 31 October 2018 and 31 October 2017.

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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 October | 30 April |
| | 2018 | 2018 |
| Total number of issued shares, excluding treasury shares | <u>191,484,269</u> | <u>191,484,269</u> |

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

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**

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**

Not applicable.

2. **Whether the figures has 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.

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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.

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.

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6. Earnings/(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:

| | Group | | | |
|--|-----------------------|--------------------|-----------------------|--------------------|
| | 3 months period ended | | 6 months period ended | |
| | 31 October 2018 | 31 October 2017 | 31 October 2018 | 31 October 2017 |
| Loss per share for the period attributable to equity holders of the Company (in US cents per share): | | | | |
| (a) Basic | (1.71) | (1.15) | (3.80) | (1.82) |
| (b) Diluted | (1.71) | (1.15) | (3.80) | (1.82) |
| Details: | | | | |
| Loss for the period attributable to equity holders of the Company (stated in US\$'000) | (3,281) | (2,208) | (7,269) | (3,492) |
| Weight average number of ordinary shares ('000) | 191,484 | 191,484 | 191,484 | 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 issuer at the end of the:**

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

(b) **Immediately preceding financial year**

| | Group | | Company | |
|---|---|--|---|--|
| | As at 31 October 2018 | (Audited) As at 30 April 2018 | As at 31 October 2018 | (Audited) As at 30 April 2018 |
| Net assets/(liabilities) value per ordinary share based on issued share capital of the issuer (in US cents per share) | (11.27) | (6.57) | 0.67 | 0.98 |
| Number of shares in issue ('000) | <u>191,484</u> | <u>191,484</u> | <u>191,484</u> | <u>191,484</u> |

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 six months ended 31 October 2018 (the “**Period**” or “**2QFY2019**”), the Group has principally engaged in manufacturing, sales and distribution of tinplate and related products for metal packaging industry in the People’s Republic of China (the “**PRC**”) and trading of iron ore, coal and steel products across the globe (“**Trading and Distribution business**”). The Trading and Distribution business is still under temporarily suspension during the Period.

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(A) Result of 2QFY2019

Revenue and Gross Profit

The Tinplate Manufacturing business was suspended during the financial year ended 30 April 2015 has undergone the process of revitalization and has resumed its operation in May 2018 and generated approximately US\$5.60 million in the Period. The gross loss was due to the Tinplate Manufacturing business was at the very early resumed stage. The plant and machinery has been going through trial testing. The sales volume is coping up to the breakeven point stage by stage.

Other Income

Other income for 2QFY2019 was US\$0.43 million (for the period ended 31 October 2017 “2QFY2018”: US\$1.23 million), mainly comprised of a one-time gain of US\$0.21 million on the refund of building taxes and urban land utilization taxes in the PRC and a gain on the disposal of a subsidiary in September 2018 of US\$0.10 million. The decrease in other income was due to a net foreign exchange gain was recorded in 2QFY2018 of US\$0.80 million.

Administrative Expenses

Administrative expenses for the Period was US\$3.00 million (2QFY2018: US\$4.12 million), with a net decrease of US\$1.12 million. The Group has been cautious in keeping the administrative expenses stable and under control. The period-on-period decrease was mainly due to approximately US\$1.00 million depreciation of property, plant and equipment was recognized in the cost of sales instead of administrative expenses due to the resumption of the Tinplate Manufacturing business in May 2018.

Other Expenses

Other expenses for the Period was US\$1.34 million (2QFY2018: US\$0.06 million). The fluctuation was mainly due to foreign exchange loss of US\$1.27 million versus a corresponding gain of US\$0.80 million in 2QFY2018.

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Finance Costs

Finance costs for the Period was US\$0.97 million (2QFY2018: US\$0.66 million), of which US\$0.8 million was the deemed interest expenses on interest-free loans due to the former immediate and ultimate holding company under provided in 2QFY2018.

Inventories

Inventories increased by approximately US\$2.4 million from US\$0.7 million as at 30 April 2018 to US\$3.1 million as at 31 October 2018 which was in line with the sales trend of the Group since the Group recorded revenue since June 2018.

Trade and other receivables

Trade and other receivables decreased by US\$1.8 million from US\$8.0 million as at 30 April 2018 to US\$6.2 million as at 31 October 2018. It was mainly due to the decrease of value-added tax by US\$3.9 million since the production resumption in May 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 October 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 October 2018. The increase was contributed by additional advances of US\$3.0 million from a director and related parties to fund the Group's operating expenses. 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.

(B) Liquidity and Financial Resources

Cash and Cash Equivalents

Total cash and cash equivalents of the Group were US\$1.1 million as at 31 October 2018, a reduction of US\$0.2 million, compared to US\$1.3 million as at 30 April 2018.

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Cash Flows

(a) Cash used in operating activities

Net cash of US\$1.4 million has been used in operating activities, including a net increase of US\$1.4 million in working capital mainly on the increase in inventory.

(b) Cash used in investing and financing activities

In 2QFY2019, the Group used US\$1.0 million cash in investing PPE. Additional cash advances of US\$2.0 million was obtained from a director to support the operations of the Group. Total equity attributable to the equity holders of the Company was at a deficit of US\$22 million and 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

Total borrowings amounted to US\$52.6 million (30 April 2018: US\$52.0 million), of which US\$34.1 million (FY2018: US\$33.3 million) attributable to the loans from former immediate and ultimate holding company. Total liabilities was US\$73.2 million (30 April 2018: US\$68.4 million) of which US\$16.5 million (30 April 2018: US\$13.2 million) was attributable to the support from the Golden Star Group Limited, Mr. Zhu Jun, the ultimate controlling party of the Group and related parties.

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

In 2QFY2019, 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 payables.

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

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(C) Capital Expenditure and Contingent Liabilities

In 2QFY2019, capital expenditure of the Group was US\$1.0 million (2QFY2018: US\$0.5 million).

As at 31 October 2018 and 30 April 2018, the Group had no material capital commitment or contingent liability.

(D) Streamlining of Group Structures

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 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) on 15 April 2019. 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 disposal (together with the consideration) is 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.

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 Tinplate Manufacturing business since 2012. Located in Jiangsu, the Tinplate Manufacturing segment with its Taizhou plant (“**Taizhou Plant**”) principally engages in manufacturing, sales and distribution of tinplate products. With a strong team of competent and experienced personnel, coupled with a progressive 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 and generated US\$5.6 million revenue for the six months ended 31 October 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, 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 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.

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With the support of the Company's executive Chairman, Mr. Zhu Jun, the Company considers its Tinplate Manufacturing business having enormous growth potential and becoming the key revenue driver for 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 & Distribution business, which is under suspension, should market and economic conditions prevail.

The Group will actively 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.

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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 second quarter ended 31 October 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 Rules 920(1)(a)(ii) of 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 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 our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements of the Group for the second quarter ended 31 October 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

YORKSHINE HOLDINGS LIMITED

Zhu Jun

Executive Chairman and Executive Director

16 May 2019