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YORKSHINE HOLDINGS LIMITED

煜新控股有限公司*

(Incorporated in Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048

Singapore Stock Code: MR8

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is a reproduction of the announcement made by YORKSHINE HOLDINGS LIMITED (the “**Company**”) for compliance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the attached announcement on the next page issued on the Singapore Exchange Securities Trading Limited on 16 April 2019.

On behalf of the Board
YORKSHINE HOLDINGS LIMITED
Zhu Jun
Executive Chairman and Executive Director

Hong Kong, 16 April 2019

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Zhu Jun, 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*

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DISPOSAL OF SUBSIDIARIES AND GRANT OF CONDITIONAL WAIVER FROM RULE 1014(2) OF THE LISTING MANUAL OF THE SGX-ST

1. INTRODUCTION

The board of directors ("**Board**") of Yorkshine Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**"), wishes to inform shareholders of the Company ("**Shareholders**") that the Company has on 15 April 2019, signed a share transfer form with Diamond Talent Holdings Limited ("**DTHL**"), a special purpose vehicle incorporated in the British Virgin Islands which is wholly-owned by Mr. Zhu Jun, the executive chairman, executive director and controlling shareholder of the Company, pursuant to which, the Company has sold the entire share capital of two of its wholly-owned subsidiaries, being Novo Commodities Limited ("**NCL**") and Novo Overseas Holdings Pte. Ltd. ("**NOHPL**", together with NCL, "**Target Subsidiaries**"), which are in a net liability position, to DTHL ("**Disposals**") for a consideration of US\$100 ("**Consideration**").

2. THE DISPOSALS

2.1 The Target Subsidiaries

NCL is a company which is incorporated in Hong Kong with limited liability and has an issued and paid-up capital of HK\$8,000,000 (approximately US\$1,026,000) comprising 8,000,000 shares. NCL had been involved in the trading and distribution of iron ore, coal and steel products globally ("**Trading and Distribution Business**"), however, since the financial year ended 30 April 2017 ("**FY2017**"), NCL and its subsidiaries have not conducted any business activities as the Group has suspended its Trading and Distribution Business.

NOHPL is a company incorporated in Singapore with limited liability and has an issued and paid-up capital of S\$200,000 (approximately US\$188,000) comprising 200,000 shares. NOHPL is an investment holding company, and its current subsidiaries are dormant.

2.2 Consideration

The Consideration was arrived at on a willing-buyer willing-seller basis, taking into consideration the net liability position of the Target Subsidiaries and that the Target Subsidiaries currently do not engage in any business operations. The Consideration has been satisfied fully in cash by DTHL.

Save as set out in this announcement, there are no material conditions attaching to the Disposals.

2.3 Rationale

The Company, which is dual primary-listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and The Stock Exchange of Hong Kong Limited ("**SEHK**"), has had trading in its shares on the SGX-ST and the SEHK suspended since 1 August 2017. The Disposals will facilitate the restructuring of the Company's business and the preparation of a resumption of trading proposal in view that, amongst other things, the Disposals are expected to have a positive effect on the financial position of the Group as the liabilities of the Target Subsidiaries would not be consolidated into the accounts of the Group after completion of the Disposals.

2.4 Value of the Disposal Shares

- (a) Book Value, Net Asset Value and Open Market Value. Based on the audited consolidated financial statements of the Group for FY2017, the book value and the net tangible liability of the Target Companies was approximately US\$67 million. There is no open market value for the shares in the Target Companies ("**Disposal Shares**") as they are not publicly traded. As at the date hereof, the book value of the Disposal Shares to be transferred pursuant to the Disposals is a capital deficit of US\$33,499,000. The Disposals are expected to result in an excess over the book value of the Disposal Shares of US\$33,499,000.
- (b) Net Loss. The net loss before tax as at the date hereof attributable to the Disposal Shares was US\$701,000.
- (c) Gain on Disposal. Based on the audited consolidated financial statements of the Group for FY2017, the Disposals are expected to result in a gain on disposal of US\$36.8 million to the Group.

2.5 Financial effects of the Disposals

The proforma financial effects of the Group after the Disposals set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Disposals, nor a projection of the future financial performance or position of the Group after completion of the Disposals.

The proforma financial effects of the Disposals are based on the Group's audited financial statements for FY2017.

- (a) Net tangible assets/(liabilities) ("**NTA**") per share

Assuming that the Disposals had been completed on 30 April 2017, the NTA per share of the Group would be as follows:

	Before the Disposals	After the Disposals
NTA (US\$'000)	(1,829)	26,006
Number of issued shares ('000)	191,484	191,484
NTA per share (US cents)	(0.96)	13.58

(b) Earnings/(loss) per share (“EPS”)

Assuming the Disposals had been effected on 1 May 2016, the EPS of the Group would be as follows:

	Before the Disposals	After the Disposals
Net profit/(loss) after tax (US\$'000)	(9,274)	84
Weighted average number of issued shares ('000)	186,272	186,272
EPS (US cents)	(4.98)	0.05

2.6 Use of Proceeds

The proceeds arising from the Disposals is US\$100 and will be utilised for working capital purposes.

3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

3.1 The relative figures for the Disposals computed on the applicable bases set out in Rule 1006 of the listing manual of the SGX-ST (“Listing Manual”), based on the announced unaudited consolidated financial statements of the Group for the half year ended 31 October 2017 are set out below:

Rule	Bases of computation	Disposals	Group	Relative figure
1006(a)	Net liability value of assets being disposed of, compared with the Group's net asset value	(67,717,926)	8,684,779 ⁽¹⁾	- 779.73%
1006(b)	Net loss attributable to the assets disposed of, compared with the Group's net profits ⁽²⁾	(1,281,479)	6,795,779 ⁽³⁾	-18.86%
1006(c)	Aggregate value of consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	US\$100	US\$68,083,296	Not meaningful ⁽⁴⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with	-	-	Not applicable, as this is not an acquisition and there is no issuance of equity

	the number of equity securities previously in issue			security by the Company
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	-	-	Not applicable, as this is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

- (1) The Group's net assets were adjusted by the deed of settlement entered between the Group and Real Shine Capital Limited, which was announced on 13 November 2017.
- (2) Based on profits or loss before income tax, minority interests and extraordinary items.
- (3) The Group's profits were adjusted by the deed of settlement entered between the Group and Real Shine Capital Limited, which was announced on 13 November 2017.
- (4) Not meaningful, given the Consideration of US\$100, compared to the market capitalisation of the Company of approximately US\$68,083,296 (determined by multiplying the 191,484,269 issued shares of the Company by S\$0.48, being the weighted average price of the Company's shares transacted on 31 July 2017, the last full market day preceding the suspension of trading of the shares of the Company on the SGX-ST, and using an exchange rate of US\$1 : S\$1.35).

3.2 As set out above, the relative figures computed on the bases set out in Rule 1006(a) and Rule 1006(b) of the Listing Manual are in the negative. Rule 1007 of the Listing Manual states that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST and the issuer should consult the SGX-ST.

4. WAIVER AND CONDITIONAL APPROVAL OF THE WAIVER APPLICATION

4.1 On 26 March 2019, the Company submitted an application to the SGX-ST, seeking confirmation from SGX-ST that:

- (a) although the Disposals will constitute an interested person transaction under Chapter 9 of the Listing Manual, the Disposals will be exempted from compliance with Rule 905 and Rule 906 of the Listing Manual as they are transactions below S\$100,000; and
- (b) the Disposals do not exceed the relevant thresholds under Chapter 10 of the Listing Manual (even though some of the comparative figures are negative) and therefore do not require the approval of the Shareholders. Alternatively, if the SGX-ST is of the view that Chapter 10 is applicable, then a waiver in respect of Rule 1014 of the Listing Manual from the requirement to seek the approval of Shareholders in respect of the Disposals ("**Waiver**") was sought.

4.2 The Company made the application and applied for the Waiver on the following grounds:

- (a) The Target Subsidiaries are respectively in a net liability position with aggregate liabilities of approximately US\$67 million. The Target Subsidiaries currently also do

not engage in any business operations. In view of the foregoing, the Target Subsidiaries are not contributors to the revenue of the Group.

- (b) After the Disposals, the Target Subsidiaries would cease to be subsidiaries of the Company and this is expected to have a positive effect on the financial performance of the Group as the losses and liabilities of Target Subsidiaries would not be consolidated into the accounts of the Group.

The financial effects of the Disposals based on the audited consolidated financial statements of the Group for FY2017 have been set out in paragraph 2.5 above for illustrative purposes.

- (c) In view of the above and taking into consideration, in particular, the current financial position of the Company, and that the Target Subsidiaries are in a net liability position, if an extraordinary general meeting need not be held, this would result in significant cost savings for the Company of approximately S\$20,000. Further, in the alternative, if the Target Subsidiaries were to be wound up by the Company, this would incur costs and expenses, and the Disposals would be more cost efficient.

4.3 On 12 April 2019, SGX-ST has granted the Waiver, subject to the following conditions ("**Conditions**"):

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of this announcement, the Company must make an update announcement when the conditions have all been met;
- (b) the Company announcing the information required under Rule 1010 of the Listing Manual, as well as the Audit Committee's views on whether the transaction is on normal commercial terms and not prejudicial to the interest of minority shareholders; and
- (c) the Company announcing the Board of directors' opinion on whether the Disposals are in the interest of the Company and Shareholders.

4.4 The Company has satisfied the Conditions as at the date of this announcement.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Zhu, who is the executive chairman, executive director and controlling shareholder of the Company, none of the directors of the Company ("**Directors**") or controlling shareholders of the Company have any direct or indirect interest in the Disposals, save for their shareholdings in the Company.

No person is proposed to be appointed as a Director in connection with the Disposals. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

6. STATEMENT BY THE AUDIT COMMITTEE

The members of the audit committee of the Company, comprising the three independent non-executive Directors, are of the opinion that the Disposals are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7. STATEMENT BY THE DIRECTORS

The Directors (save for Mr Zhu who has abstained in view of his involvement in the Disposals) are of the opinion that the Disposals are in the best interests and to the benefit of the Company and the Shareholders as a whole as the Target Subsidiaries are heavily in debt and the Disposals would enable the Group to reverse its current net assets deficit position.

8. WAIVER FROM CONVENING EGM

As the SGX-ST has granted the Waiver, and the Disposals are transactions below S\$100,000 for purposes of Chapter 9 of the Listing Manual (in relation to interested person transactions), the Company will not be convening an extraordinary general meeting to seek Shareholders' approval for the Disposals and accordingly, will not be dispatching a circular to Shareholders in relation thereto.

9. EXEMPTION UNDER THE SEHK LISTING RULES

An application was made by the Company's Hong Kong counsel to the SEHK on 25 March 2019, to seek, on the Company's behalf, SEHK's confirmation that the Disposals will constitute a connected transaction for the Company under Chapter 14A of the rules governing the listing of securities on the SEHK ("**SEHK Listing Rules**"), but are fully exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the SEHK Listing Rules. On 4 April 2019, the SEHK confirmed that the Disposals are fully exempted connected transactions under Chapter 14A of the SEHK Listing Rules.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disposals and the Group, and the Directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

By Order of the Board

Zhu Jun
Executive Chairman and Executive Director

16 April 2019