

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 JANUARY 2016**PART I INFORMATION REQUIRED FOR THIRD QUARTER ANNOUNCEMENT**

The board of directors (the “Board”) of Novo Group Ltd. (the “Company”, and, together with its subsidiaries, the “Group”) wishes to announce the following unaudited results of the Group for the third quarter ended 31 January 2016.

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**

Income Statement for the Third Quarter ended 31 January 2016

	The Group					
	3 months period ended			9 months period ended		
	31 January 2016	31 January 2015	Increase/ (Decrease)	31 January 2016	31 January 2015	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%	<i>US\$'000</i>	<i>US\$'000</i>	%
Revenue	45,893	68,189	(32.7%)	114,242	226,707	(49.6%)
Cost of sales	(45,502)	(63,978)	(28.9%)	(113,275)	(223,580)	(49.3%)
Gross profit	391	4,211	(90.7%)	967	3,127	(69.1%)
Other income	161	697	(76.9%)	1,277	2,499	(48.9%)
Distribution and selling expenses	(33)	(859)	(96.2%)	(1,205)	(3,672)	(67.2%)
Administrative expenses	(2,390)	(2,248)	6.3%	(8,180)	(6,533)	25.2%
Other operating expenses	(42)	(45)	(6.7%)	(954)	(110)	767.3%
Finance costs	(1,815)	(1,883)	(3.6%)	(3,964)	(5,423)	(26.9%)
Loss before tax	(3,728)	(127)	2,835.4%	(12,059)	(10,112)	19.3%
Income tax expenses	-	(21)	(100%)	(25)	(64)	(60.9%)
Loss for the period	<u>(3,728)</u>	<u>(148)</u>	<u>2,418.9%</u>	<u>(12,084)</u>	<u>(10,176)</u>	<u>18.8%</u>
Attributable to:						
Owners of the Company	(3,512)	(83)		(11,266)	(9,220)	
Non-controlling interests	(216)	(65)		(818)	(956)	
	<u>(3,728)</u>	<u>(148)</u>		<u>(12,084)</u>	<u>(10,176)</u>	

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Consolidated Statement of Comprehensive Income

	The Group					
	3 months period ended			9 months period ended		
	31 January 2016	31 January 2015	Increase/ (Decrease)	31 January 2016	31 January 2015	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%	<i>US\$'000</i>	<i>US\$'000</i>	%
Loss for the period	(3,728)	(148)	2,418.9%	(12,084)	(10,176)	18.8%
Other comprehensive (expense)/ income for the period, net of tax:						
Exchange differences on translation of the Group's overseas operations	2,804	193	1,352.8%	2,381	241	888.0%
Total comprehensive (expense)/ income for the period	(924)	45	(2,153.3%)	(9,703)	(9,935)	(2.3%)
Attributable to:						
Owners of the Company	(898)	(47)		(9,048)	(9,016)	
Non-controlling interests	(26)	92		(655)	(919)	
	(924)	45		(9,703)	(9,935)	

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

	The Group			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2016	2015	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Loss for the period is stated after charging/(crediting):				
Amortisation of deferred income	(156)	(77)	(225)	(231)
Amortisation of land use rights	26	28	80	82
Depreciation of property, plant and equipment	56	825	3,157	2,388
Fair value losses/(gains) on derivative financial instruments	–	(43)	11	(80)
Interest expense	1,627	1,783	3,570	4,915
Interest income	(66)	(160)	(330)	(680)
Losses on disposal of property, plant and equipment	–	–	–	26
Net exchange losses	327	18	1,434	11
Net realised losses/(gains) on derivative financial instruments	–	34	(11)	99

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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

Statement of Financial Position

	The Group		The Company	
	As at 31 January 2016 US\$'000	As at 30 April 2015 US\$'000	As at 31 January 2016 US\$'000	As at 30 April 2015 US\$'000
Non-current assets				
Property, plant and equipment	71,454	73,131	–	–
Land use rights	5,621	5,701	–	–
Goodwill	4	4	–	–
Investments in subsidiaries	–	–	110,960	123,429
	77,079	78,836	110,960	123,429
Current assets				
Inventories	2,946	3,920	–	–
Trade and other receivables	40,886	42,373	19	23
Derivative financial instruments	–	11	–	–
Pledged bank deposits	17,724	32,384	–	–
Cash and cash equivalents	8,356	1,074	21	41
	69,912	79,762	40	64
Total assets	146,991	158,598	111,000	123,493
Non-current liabilities				
Borrowings	28,344	18,445	–	–
Deferred income	416	964	–	–
	28,760	19,409	–	–
Current liabilities				
Trade and other payables	63,858	63,451	723	12,368
Deferred income	556	310	–	–
Borrowings	46,988	58,821	–	–
Tax payable	–	75	–	–
	111,402	122,657	723	12,368
Total liabilities	140,162	142,066	723	12,368
Net assets	6,829	16,532	110,277	111,125

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	The Group		The Company	
	As at 31 January 2016	As at 30 April 2015	As at 31 January 2016	As at 30 April 2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Equity				
Share capital	32,239	32,239	108,740	108,740
Accumulated losses	(33,750)	(22,446)	(1,064)	(216)
Foreign currency translation reserve	3,657	1,439	–	–
Statutory reserve	33	33	–	–
Other reserve	2,870	2,832	2,601	2,601
Total equity attributable to owners of the Company	5,049	14,097	110,277	111,125
Non-controlling interests	1,780	2,435	–	–
Total equity	6,829	16,532	110,277	111,125

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

	The Group		The Group	
	As at 31 January 2016		As at 30 April 2015	
	Secured	Unsecured	Secured	Unsecured
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Amount repayable in one year or less	39,243	7,745	58,821	–
Amount repayable after one year	–	28,344	–	18,445

Details of any collateral:

The Group's borrowings for trading operations, including working capital loans and mortgage loan, are secured by way of:

- legal pledge on the Group's leasehold land and buildings;
- legal pledge on the Group's deposits and cash margin;
- pledge of assets (cargo and related proceeds) underlying the financed transactions;
- corporate cross guarantees between joint borrowers when appropriate; and
- corporate guarantees of the Company.

The Group's bank loan granted to one of the subsidiaries are secured by way of:

- legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- legal pledge of leasehold land, construction in progress, plant and equipment;
- share charge on a subsidiary;
- floating mortgage; and
- corporate guarantees of the Company.

Bank loan was repayable within 24 months from December 2014, however, this loan included repayable on demand clause.

The Group is the guarantor of the bank loan from China Citic Bank International ("the Lender") to Novowell ETP Limited ("the Borrower") and the loan is subject to various covenantal clauses.

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As at 31 January 2016, total bank loan outstanding to the Lender amounted to US\$15,500,000, and as at 30 April 2015, the total amount outstanding (audited) was US\$22,750,000.

Due to breaches of certain covenants, the outstanding loan to the Lender is reflected as a current liability as at 31 January 2016.

During the current period, the Group obtained a waiver letter dated 25 November 2015 (“the Waiver Letter”) from the Lender. The Borrower has fulfilled all the conditions as required by the Lender on 8 December 2015, including payment of HK\$76,200,000 to the Lender.

On 8 December 2015, by virtue of the provisions contained in the Waiver Letter, the Lender waived certain breaches of the covenantal clauses under the loan agreement and the Lender has executed a deed of release of the guarantee dated 8 December 2015 in favour of the Company which was received by the Company on 16 December 2015.

The Group is in the process of negotiating a release of the corporate guarantee and procuring a similar letter of waiver in respect of certain breaches under the loan arrangement with Bank of China Ltd., Xinghua Sub-Branch.

Pursuant to the Escrow Agreement dated 24 September 2015, New Page Investments Limited, Mr. Yu Wing Keung, Dicky and Mr. Chow Kin Wa (collectively referred to as the “Vendors”), acknowledges to provide loan amount up to HK\$230,000,000 to the Company for the purpose of releasing corporate guarantee of the Company from its banks on or before 5 April 2016, as unsecured, interest free and the Vendors unconditionally and irrevocably undertake that none of them will demand for repayment for a period of 2 years after 5 October 2015. As at 31 January 2016, the Group had obtained approximately HK\$137,100,000 (approximately USD\$17,569,000) two-year interest free loan from New Page Investments Limited.

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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

	The Group			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2016	2015	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from operating activities				
Loss before tax	(3,728)	(127)	(12,059)	(10,112)
Adjustments for:				
Amortisation of deferred income	(156)	(77)	(225)	(231)
Amortisation of land use right	26	28	80	82
Depreciation of property, plant and equipment	56	825	3,157	2,388
Fair value losses/(gains) on derivative financial instruments	–	(43)	11	(80)
Interest expense	1,627	1,783	3,570	4,915
Interest income	(66)	(160)	(330)	(680)
Losses on disposal of property, plant and equipment	–	–	–	26
Net realised (gains)/losses on derivative financial instruments	–	34	(11)	99
Written off of receivables	–	–	83	–
Written down inventories	193	–	–	–
Operating cash flow before movements in working capital	(2,048)	2,263	(5,724)	(3,593)
Inventories	(238)	4,023	687	8,044
Trade and other receivables	16,955	(1,790)	1,407	(31,319)
Trade and other payables	(139)	(14,395)	(174)	14,729
Currency translation differences	(4)	144	387	102
Cash (used in)/generated from operations	14,526	(9,755)	(3,417)	(12,037)
Income tax paid, net	–	(9)	(7)	(80)
Interest income received	66	160	330	680
Net cash (used in)/generated from operating activities	14,592	(9,604)	(3,094)	(11,437)

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	The Group			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2016	2015	2016	2015
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	-	2
Purchase of property, plant and equipment	-	(747)	(505)	(1,001)
Acquisition of land use rights	-	-	-	(380)
Net cash received from/(paid to) realised derivative financial instruments	-	(34)	11	(99)
Net cash used in investing activities	-	(781)	(494)	(1,478)
Cash flows from financing activities				
Decrease/(increase) in fixed deposits and cash pledged	(3,503)	6,979	14,660	1,850
Drawdown of bank and other borrowings	6,172	22,901	33,684	41,245
Repayment of bank and other borrowings	(9,215)	(27,456)	(33,904)	(34,531)
Interest expense paid	(1,627)	(1,783)	(3,570)	(4,915)
Net cash generated from/(used in) financing activities	(8,173)	641	10,870	3,649
Net increase/(decrease) in cash and cash equivalents	6,419	(9,744)	7,282	(9,266)
Cash and cash equivalents at beginning of the period	1,937	13,262	1,074	12,780
Effect of currency translation on cash and cash equivalents	-	(42)	-	(38)
Cash and cash equivalents at end of the period	8,356	3,476	8,356	3,476
Cash and cash equivalents are represented by:				
Cash and bank balances	8,356	3,476	8,356	3,476

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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**

Statement of Changes in Equity

<u>Group</u>	Share capital <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Foreign currency translation reserve <i>US\$'000</i>	Statutory reserve <i>US\$'000</i>	Other reserve <i>US\$'000</i>	Equity attributable to owners of the Company <i>US\$'000</i>	Non-controlling interests <i>US\$'000</i>	Total equity <i>US\$'000</i>
Balance at 1 May 2014	32,239	(191)	1,259	33	2,680	36,020	4,897	40,917
Total comprehensive (expense)/income for the period	—	(9,137)	168	—	—	(8,969)	(1,011)	(9,980)
Balance at 31 October 2014	<u>32,239</u>	<u>(9,328)</u>	<u>1,427</u>	<u>33</u>	<u>2,680</u>	<u>27,051</u>	<u>3,886</u>	<u>30,937</u>
Total comprehensive (expense)/income for the period	—	(83)	36	—	—	(47)	92	45
Balance at 31 January 2015	<u>32,239</u>	<u>(9,411)</u>	<u>1,463</u>	<u>33</u>	<u>2,680</u>	<u>27,004</u>	<u>3,978</u>	<u>30,982</u>
Balance at 1 May 2015	32,239	(22,446)	1,439	33	2,832	14,097	2,435	16,532
Transfer to other reserve	—	(38)	—	—	38	—	—	—
Total comprehensive expense for the period	—	(7,754)	(396)	—	—	(8,150)	(629)	(8,779)
Balance at 31 October 2015	<u>32,239</u>	<u>(30,238)</u>	<u>1,043</u>	<u>33</u>	<u>2,870</u>	<u>5,947</u>	<u>1,806</u>	<u>7,753</u>
Total comprehensive (expense)/income for the period	—	(3,512)	2,614	—	—	(898)	(26)	(924)
Balance at 31 January 2016	<u>32,239</u>	<u>(33,750)</u>	<u>3,657</u>	<u>33</u>	<u>2,870</u>	<u>5,049</u>	<u>1,780</u>	<u>6,829</u>

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<u>Company</u>	Share capital <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Other reserve <i>US\$'000</i>	Total equity <i>US\$'000</i>
Balance at 1 May 2014	108,740	594	2,601	111,935
Total comprehensive expense for the period	—	(398)	—	(398)
Balance at 31 October 2014	<u>108,740</u>	<u>196</u>	<u>2,601</u>	<u>111,537</u>
Total comprehensive expense for the period	—	(191)	—	(191)
Balance at 31 January 2015	<u>108,740</u>	<u>5</u>	<u>2,601</u>	<u>111,346</u>
Balance at 1 May 2015	108,740	(216)	2,601	111,125
Total comprehensive expense for the period	—	(408)	—	(408)
Balance at 31 October 2015	<u>108,740</u>	<u>(624)</u>	<u>2,601</u>	<u>110,717</u>
Total comprehensive expense for the period	—	(440)	—	(440)
Balance at 31 January 2016	<u>108,740</u>	<u>(1,064)</u>	<u>2,601</u>	<u>110,277</u>

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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**

There was no change in the Company's share capital since the end of the previous period reported on. At 31 January 2016 and 31 October 2015, the Company's issued and fully paid-up shares were 170,804,269 ordinary shares with voting rights.

There were no outstanding convertibles as at 31 January 2016 and 31 January 2015.

There were neither treasury shares nor share option outstanding as at 31 January 2016 and 31 January 2015.

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**

	The Company	
	As at 31 January 2016	As at 30 April 2015
Total number of issued shares, excluding treasury shares	170,804,269	170,804,269

There were no treasury shares as at 31 January 2016 and 30 April 2015.

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

2. **Where 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 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 applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the most recently audited financial statements for the year ended 30 April 2015, except for the adoption of new/revised Financial Reporting Standards ("FRS") and interpretations of FRS ("INT FRS") applicable to the Group for the financial period beginning on or after 1 May 2015.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements.

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 Item 4 above.

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6. Earnings/(losses) 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:

	The Group			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2016	2015	2016	2015
	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>
Losses per ordinary share:				
(a) Based on weighted average number of ordinary shares on issued; and	(2.06)	(0.05)	(6.60)	(5.40)
(b) On a fully diluted basis	(2.06)	(0.05)	(6.60)	(5.40)
Details:				
Losses attributable to shareholders (stated in US\$'000)	(3,512)	(83)	(11,266)	(9,220)

	Number of shares (stated in '000)			
	3 months period ended		9 months period ended	
	31 January	31 January	31 January	31 January
	2016	2015	2016	2015
Weight average number of ordinary shares	170,804	170,804	170,804	170,804

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

	The Group		The Company	
	As at	As at	As at	As at
	31 January	30 April	31 January	30 April
	2016	2015	2016	2015
	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>
Net assets value per ordinary share based on issued share capital of the issuer	4.0	9.7	64.6	65.0
Number of shares in issue as at the end of the period ('000)	170,804	170,804	170,804	170,804

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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

With concerns over the slowdown of economic growth in the global & China market, the Group adopted cautious but prudent business direction and continues to focus on strengthening the international trading by developing new customers and new markets.

The Group's recorded total approximately US\$3.7 million loss after tax for the three months period ended 31 January 2016 ("3QFY2016"), compared with for the three months period ended 31 January 2015 ("3QFY2015") of US\$148,000. The increase in loss was mainly due to decrease in the revenue recognised and gross profit margin. Therefore, the contribution from the Group gross profit could not cover overall operating cost during the current period.

During 3QFY2016, a subsidiary of the Company, Novowell ETP Limited ("NWETP"), which is located in the People's Republic of China (the "PRC" or "China") within the tinplate manufacturing segment, has still suspended its operations and yet to resume its operations as of the date of this announcement. The property, plant and equipment relating to this subsidiary amount to US\$58.0 million. The carrying amount of NWETP as at 31 January 2016 is US\$1.2 million.

Revenue

The Group's revenue decreased by approximately 32.7% from approximately US\$68.2 million in 3QFY2015 to approximately US\$45.9 million in 3QFY2016. The decrease in revenue was mainly due to substantial drop of unit selling price arising from poor market conditions in resources industry and suspension of operation of tinplate manufacturing plant.

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Revenue from trading business, major business segment, accounted for approximately 78.7% and approximately 78.8% of the Group's total revenue in 3QFY2016 and 3QFY2015, representing of approximately US\$36.1 million and approximately US\$53.7 million in 3QFY2016 and 3QFY2015, respectively.

Revenue from tinplate manufacturing contributed, arising from sales of existing inventory, approximately 6.7% or approximately US\$3.1 million in 3QFY2016 as compared with approximately 13.0% or approximately US\$8.9 million in 3QFY2015 while revenue from tinplate processing contributed approximately 14.6% or approximately US\$6.7 million in 3QFY2016 as compared with approximately 8.2% or approximately US\$5.6 million in 3QFY2015.

In terms of geographical contribution, the Group revenue was mainly contributed from North Asia and South East Asia market. North Asia market remains the Group's major markets in the current period, which accounted for approximately US\$45.5 million of total revenue, representing approximately 99.1% of total revenue in 3QFY2016, comparing to approximately US\$54.2 million, representing approximately 79.5% of total revenue in 3QFY2015.

Revenue derived from South East Asia market accounted for approximately US\$355,000 representing approximately 0.8% of total revenue in 3QFY2016, compared to approximately US\$6.5 million representing approximately 9.6% of total revenue in 3QFY2015. Other regions contributed approximately US\$63,000 or approximately 0.1% of total revenue in 3QFY2016, compared to approximately US\$7.5 million or approximately 10.9% of total revenue in 3QFY2015.

Gross Profit

The Group's gross profit for 3QFY2016 amounted to approximately US\$391,000, representing a drop of approximately 90.7% as compared with approximately US\$4.2 million in 3QFY2015. The Group's gross profit margin decreased from approximately 6.2% in 3QFY2015 to approximately 0.9% in 3QFY2016, mainly due to suspension of operation of tinplate manufacturing plant with higher gross margin by April 2015.

Other income

Other income decreased from approximately US\$697,000 in 3QFY2015 to approximately US\$161,000 in 3QFY2016. Such decrease was mainly arising from decrease in bank interest income for 3QFY2016 because of revoking the loan guarantee outside deposit in PRC.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 96.2% from approximately US\$0.9 million in 3QFY2015 to approximately US\$33,000 in 3QFY2016. The decrease mainly came from a drop in revenue couple with the changes in trading terms of the Group's trading business.

Administrative expenses

Administrative expenses remain steady, accounting for approximately US\$2.2 million and US\$2.4 million for 3QFY2015 and 3QFY2016 respectively. The increase in expenses was due to expense incurred for general offer which was closed on 27 November 2015.

Finance costs

Finance costs maintained steady, accounting for approximately US\$1.8 million in both 3QFY2015 and 3QFY2016, which was primarily due to borrowing level maintained during the current period.

Income tax

Income tax expenses incurred in 3QFY2015 are mainly related to income recognised during the last reporting period.

Review of Financial Position and Cash Flow

In face of the cash flow shortage, the Group has adopted a prudent approach to manage its core business, by repaying bank loans with interest free two-year loans from New Page Investments Limited, and therefore reducing the borrowing interest burden. During the period, the Group experienced a negative operational cashflow due to poor financial performance as explained under "Review of Performance" section.

Inventories

With implementation of strict inventory control policy to increase of the Group's working capital liquidity, inventories held by the Group was reduced significantly by approximately US\$1.0 million from approximately US\$3.9 million as at 30 April 2015 to approximately US\$2.9 million as at 31 January 2016.

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Trade and other receivables

Trade and other receivables decreased from approximately US\$42.4 million as at 30 April 2015 to approximately US\$40.9 million as at 31 January 2016. Distribution of trade receivables and other receivables were approximately 41.7% (approximately US\$17.0 million) and 58.3% (approximately US\$23.9 million) of total receivables as at 31 January 2016, compared to approximately 27.1% (approximately US\$11.5 million) and approximately 72.9% (approximately US\$30.9 million) of total receivables as at 30 April 2015. The decrease of trade and other receivables as at 31 January 2016 was mainly due to the efforts taken by management to manage of other receivables during the current period.

Trade and other payables

Trade and other payables slightly increased from approximately US\$63.5 million as at 30 April 2015 to approximately US\$63.9 million as at 31 January 2016. Distribution of trade payables and other payables were approximately 70.7% (approximately US\$49.1 million) and 29.3% (approximately US\$14.8 million) of total payables as at 31 January 2016, compared to approximately 76.9% (approximately US\$48.8 million) and approximately 23.1% (approximately US\$14.7 million) of total payables as at 30 April 2015.

Liquidity and financial resources

The Group's borrowings decreased by approximately US\$2.0 million from approximately US\$77.3 million as at 30 April 2015 to approximately US\$75.3 million as at 31 January 2016. The change in borrowings was mainly due to decrease in bank borrowings of approximately US\$19.6 million which is off-set by increase in loan of approximately US\$17.6 million from New Page Investments Limited.

An aggregate of cash and cash equivalents and pledged bank deposits decreased from approximately US\$33.5 million as at 30 April 2015 to approximately US\$26.1 million as at 31 January 2016. Almost at the end of the reporting period, New Page Investments Limited granted a loan of approximately US\$6.6 million to the Group, and thus, the cash and cash equivalents increased for the current period.

Total cash and bank balance represents approximately 382.0% of the Group's net assets value as at 31 January 2016 (approximately 202.4% of net assets value as at 30 April 2015).

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

The Group has achieved major milestones in its development. Mr. Zhu Jun has completed the acquisition of controlling interests in the Company through his wholly-owned company, Golden Star Group Limited (which is a company incorporated in the British Virgin Islands (the “BVI”) with limited liability) (the “Offeror”) on 5 October 2015 thereby becoming the controlling shareholder of the Group. With the general offer closed on 27 November 2015 and the new directors on board, the Group has officially started a new chapter.

Going forward, we have full confidence to maintain a steady development of our business, as we will explore new ideas and business plan to the Group and chart it on a new course.

Looking ahead, the Group anticipates an improved, though a mixed operating environment. In order to respond to the market, we aim to develop the main drivers of our group, namely international trading business and tinplate manufacturing with vigilant costs control. The Group will keep an eye on and capture any new business development opportunities.

Trading Business

Trend of iron ore continue to decline this year due to oversupply while demand remains weak. The Group expects the iron ore prices will remain at low level. Given the aforesaid factor, the Group will make use of all viable procurements and marketing opportunities while utilise of different marketing platforms and operating prudently to achieve good results.

The Group expects steel export from China will continue to be profitable accompanied with growing international demands and stabilised markets. If urbanisation project continues, accompanied by a steady growing economy and a growing middle class, the demand for steel is expected to stimulate in the coming year. Global supply and demand for steel will largely follow economic growth recovery around the world.

Coal import to China will experience challenges as local coal price remained relatively low and there is as oversupply in the regional market.

Tinplate Manufacturing Project

Currently, the tinplate manufacturing project, which has suspended its operation, is undergoing restructuring of the existing credit facilities to reduce fixed cost and the Group intends to restart full operation after clearance of this.

Once restart, the aforesaid tinplate manufacturing project in Jiangsu will continue to focus on direct sales to end-users in canning sections in the export market.

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MAJOR CORPORATE EVENTS

As stated in the holding announcement made by the Company on 17 August 2015, the update announcement made by the Offeror on 1 September 2015 and the announcements jointly released by the Company and the Offeror on The Stock Exchange of Hong Kong Limited (the “SEHK”) and The Singapore Exchange Securities Trading Limited (the “SGX”) on 24 September 2015 and 25 September 2015 respectively, in relation to, amongst others, the entering into a Sale and Purchase Agreement on 14 August 2015 by the Offeror and the vendors (the “Vendors”) (defined below), pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase an aggregate of 93,723,437 sale shares, representing approximately 54.87% of the issued share capital of the Company at a cash consideration of HK\$351,931,505.93, equivalent to approximately HK\$3.755 per sale share.

The Vendors were New Page Investments Limited (a company incorporated in the BVI with limited liability), Mr. Yu Wing Keung, Dicky (the former executive chairman of the Company who has resigned on 27 November 2015 after 4:00 p.m.) and Mr. Chow Kin Wa (the chief executive officer and executive director of the Company), the beneficial owners of 82,983,750, 8,271,531 and 2,468,156 sale shares respectively, representing approximately 48.58%, 4.84% and 1.45% of the issued shares of the Company prior to completion of the aforesaid transaction which took place on 5 October 2015.

Immediately following the completion of the aforesaid transaction which took place on 5 October 2015, the Offeror became the Company’s immediate and ultimate holding company and the Offeror owned or controlled an aggregate of 93,723,437 shares, representing approximately 54.87% of the issued share capital of the Company.

On 25 September 2015, Mr. Zhu Jun, the sole shareholder of the Offeror and the executive chairman of the Company appointed on 30 October 2015, acquired 700,000 shares, representing approximately 0.41% of the issued share capital of the Company.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers and Rule 14.1(a) of the Singapore Code on Takeovers and Mergers, the Offeror had made a mandatory unconditional cash offer for all the issued shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it, i.e. the offer shares (the “Offer”). The Offer, as made, was unconditional in all respects.

The principal terms of the Offer are set out under the section headed “MANDATORY UNCONDITIONAL CASH OFFER” in the joint announcement dated 5 October 2015.

The Offer closed at 4:00 p.m. on Friday, 27 November 2015. In accordance with the announcements issued jointly by the Company and by the Offeror on 13 November 2015 in relation to no extension of closing date, the Offeror did not revise or extend the Offer. As at 4:00 p.m. on Friday, 27 November 2015, being the latest time for acceptance of the Offer, the Offeror has received valid acceptances in respect of a total of 37,100,231 offer shares under the Offer, representing approximately 21.72% of the entire issued share capital of the Company.

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Details of the aforesaid transactions were disclosed in the announcements dated 24 September 2015, 25 September 2015, 5 October 2015, 23 October 2015, 30 October 2015, 13 November 2015 and 27 November 2015.

As disclosed in the announcement issued by the Company on 14 December 2015, immediately following the close of the Offer, the Company could not satisfy the minimum public float requirement as set out under Rule 8.08 (1)(a) of the Rules Governing the Listing Securities on the SEHK (the “Hong Kong Listing Rules”). However, the Company is still in compliance with Rule 723 of the Listing Manual of the SGX, which requires at least 10% of the total number of issues shares (excluding treasury shares) is at all times held by the public.

As disclosed in the announcement issued by the Company on 3 February 2016, the Company has been informed by the Offeror that the Offeror has, subject to completion, disposed of 4,020,000 shares (the “Disposal”), representing approximately 2.35% of the total issued share capital of the Company as at 3 February 2016, at HK\$2.08 per share to an independent third party. Immediately after completion of the Disposal on 4 February 2016, 42,702,851 shares, representing approximately 25.00% of the total issued share capital of the Company would be held by the public and the Company has restored its minimum public float of 25% of the total issued share capital of the Company as required under Rule 8.08(1)(a) of the Hong Kong Listing Rules.

As at the date of this announcement, Mr. Zhu Jun has a direct beneficial interest of 700,000 shares of the Company and an indirect beneficial interest, through the Offeror, of 126,803,668 shares of the Company.

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) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared or recommended, a statement to that effect

The Directors do not declare or recommend any dividend for the third quarter ended 31 January 2016.

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. 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 Mr. Chow Kin Wa, 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 third quarter ended 31 January 2016 to be false or misleading in any material aspect.

15. 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

By order of the Board

Zhu Jun
Executive Chairman

Chow Kin Wa
Executive Director and CEO

15 March 2016