NOVO GROUP LTD.
新源控股有限公司*

(Incorporated in Singapore with limited liability)
(Company Registration No. 198902648H)
Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

ANNUAL REPORT 2016

* *For identifcation purpose only*

Contents

Corporate Profile

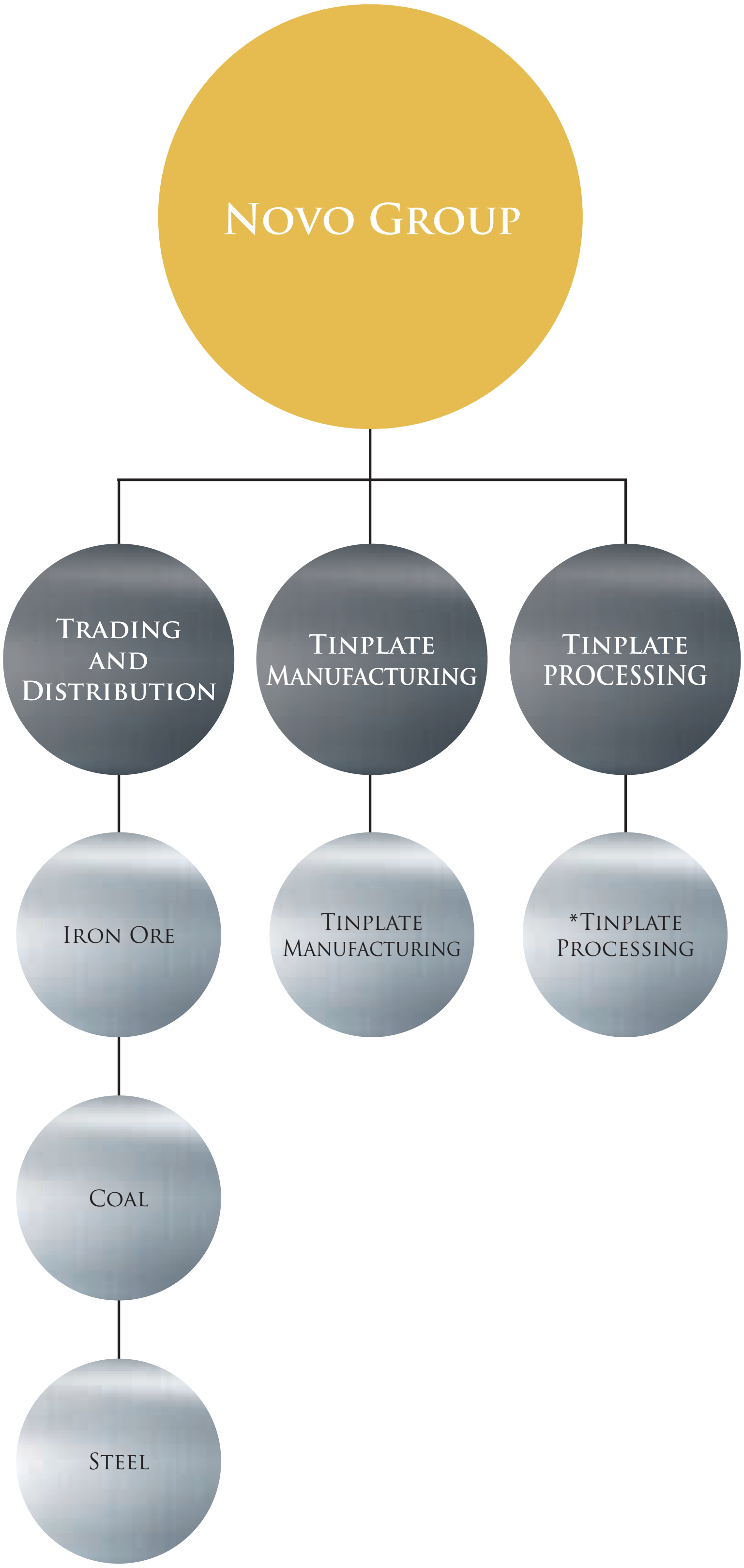
NOVO GROUP LTD. (SEHK: 1048; SGX: MR8) (the "**Company**", and, together with its subsidiaries, "**Novo**" or the "**Group**") is a limited liability company incorporated in Singapore on 29 June 1989 under the Singapore Companies Act (Chapter 50) and its shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited since 28 April 2008 and dual-listed on the Main Board of The Stock Exchange of Hong Kong Limited since 6 December 2010. Novo focused on bulk commodities trading (iron ore, coal and steel products), tinplate manufacturing and downstream operations of metal packaging (now discontinued) during the year ended 30 April 2016. Following the close of the mandatory unconditional cash offer by Golden Star Group Limited for all the shares in the capital of the Company on 27 November 2015 and the consequent change in ownership in the Company, the Group has officially started a new chapter.

Through restructuring, the financial scale of the Company will be strengthened and the business scope will soon be more diversified. The Group will actively explore and identify any investment and other business opportunities.

During the financial year ended 30 April 2016, there are three business divisions under the Group, namely:

(a) Trading and distribution;
(b) Tinplate manufacturing; and
(c) Tinplate processing (discontinued operations).

Business Segments



* Discontinued operation during the financial year ended 30 April 2016

Trading and Distribution

This division is involved in the trading and distribution of iron ore, coal and steel products across the global. In respect of iron ore and steel product trading, the Group has secured strong relationship with over half of the world's top steel manufacturing companies. With our capability to directly source and procure in bulk from major steel mills around the world, we are able to supply a diverse range of steel products to end-users, while assist these steel mills in sourcing for raw materials efficiently and cost effectively. In respect of coal trading, the Group has started coal trading since 2009, we source quality Indonesian coal from reliable and trusted sources, while cater to various industries like power, cement and steel industries at competent prices.


TINPLATE


HOT ROLLED COILS


BILLETS


STEEL SCRAP


COLD ROLLED COIL


COAL


IRON ORE


WIRE RODS


SLABS

PRODUCTION FACILITIES IN CHINA

TIANJIN

Tinplate Processing Project

Scope: Tinplate and tin free steel processing, including coil cutting, slitting, printing and packing

JIANGSU

Tinplate Manufacturing Project

Scope: Tinplate manufacturing (temporarily suspended)

Tinplate Manufacturing

The Group has engaged in the tinplate manufacturing segment since 2012. Located in Jiangsu, the tinplate manufacturing operation is principally engaged in manufacturing, sales and distribution of tinplate products. During the financial year ended 30 April 2016, the operations at the tinplate manufacturing plant in Jiangsu, the PRC has been suspended for the purposes of obtaining additional funding as well as to consolidate our products mix for the metal packaging assembly line. The management will endeavor to optimise our tinplate manufacturing business.

Manufacturing Process

Human Capital and Business Strategy

Human Capital

Novo recognises human resource as the Group's greatest assets and sees employee development as the cornerstone of the enterprise. Good talented staff naturally wants to advance, and in return sound employee development programs increase both loyalty and productivity. In past years, Novo has implemented various training programs and spent unaccountable resources to enhance employees' capabilities and fill in the need of its employees. To promote greater rapport and team spirit among colleagues, various social and recreation activities were undertaken.

As a combination of its employees, Novo will continue to nurture the human spirit and maximise the potential of our members. In return, the people of Novo will form a dynamic workforce and lead the enterprise towards success.

Business Strategy

We will strive to achieve disciplined growth while deliver greater value for shareholders. In order to chart a path towards these goals, we are gearing our efforts to four strategic directions:

1. Adopting a disciplined capital allocation – Prudent approach to capital allocation is critical. We will constantly review capital expenditure plans thoroughly so to manage a balanced project portfolio to mitigate risks and optimise profitability for all existing projects.

2. Intensifying rigorous cost management and improving operational performance – We will continue to focus on cost reduction while exploring all the opportunities to increase the sales volume of trading business and tinplate products, so to achieve operational efficiency by fully utilise the capacity of the tinplate manufacturing plant.

3. Extending customer base and solidifying customer relationship – We aim to concentrate customers' base with a focus on high growth international markets. We intend to strengthen customer relationship by providing quality products and services and engineering solutions to our customers.

4. Opening up financing channels and asset allocation – We will allocate resources to potentially growth business in order to create a balance and growth portfolio. We will invest in new business with profitable and stable income. The Group will constantly open up financing channels and continue to boost its business development and maintain healthy operating status.

The Group will continue to refine its strategic plan based on Group's needs and global market conditions.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**", and, together with its subsidiaries, "**Novo**" or the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended 30 April 2016 (the "**Year**").

PERFORMANCE

During the Year, the global economy remained subdued due to the worldwide financial market uncertainty caused by the slowed down major economies. Global economic growth has slowed down modestly compared to the previous year. Affected by the global macroeconomic environment, the Group's revenue decreased. Details can be found in Management Discussion and Analysis of this annual report.

Looking ahead, the Company expects to investigate new business opportunities, reduce debts and streamline of organisation to reposition and rebuild the operation business of the Group.

Zhu Jun

Executive Chairman and Executive Director

PROSPECTS

The Group anticipates an improved, though very mixed, operating environment for the year ending 30 April 2017. In order to build up a healthy operation environment and strengthen our financial performance, we will create a stable and balanced business portfolio with a dedicated management team and staff. We aim to maintain our competitive edge through careful strategic planning and vigilant cost control. We have full confidence in the prospects of the Group. In the future, the Group will remain focused on its core business but will also develop new business portfolio for potential financial growth. While preparing for market rebound through enhancing the Group's competitiveness, the Group will be staying close with the market and firmly grasp any opportunities to come in the near future.

APPRECIATION

On behalf of the Board of Directors, I wish to convey my sincere appreciation to all shareholders, customers, suppliers and business partners for their steadfast support and confidence in the Group. The appreciation also extends to my fellow directors and staffs for their hard work and contribution in the past year, I trust all of them will continue to give us their unstinting support to the Group going forward. Thank you.

Zhu Jun
Executive Chairman and Executive Director

Management Discussion and Analysis

Chow Kin Wa
Executive Director and CEO

Dear Shareholders,

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**", and, together with its subsidiaries, "**Novo**" or the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended 30 April 2016 ("**FY2016**").

Review of Performance

Revenue

Revenue from continuing operations

The Group's revenue from continuing operations was approximately US$102.2 million for FY2016, representing a decrease of approximately 54.7% as compared with approximately US$225.9 million for the year ended 30 April 2015 ("**FY2015**").

Revenue from international steel trade business, major business segment, accounted for approximately 98.3% or US$100.5 million and 85.5% or US$193.1 million of the Group's total revenue in FY2016 and FY2015, respectively. Revenue from tinplate manufacturing contributed approximately 1.7% or US$1.7 million in FY2016. During the year, the Group entered into an equity transfer agreement to dispose of the tinplate processing business.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US$91.4 million of the Group's total revenue from its continuing operations in FY2016, compared to approximately US$193.5 million in FY2015. North Asia market contributed approximately 89.4% and 85.7% of total revenue from its continuing operations in FY2016 and FY2015 respectively. Revenue derived from South East Asia market decreased from approximately US$18.1 million in FY2015 to approximately US$1.7 million in FY2016. The South East Asia market accounted for approximately 1.7% and 8.0% of Group's total revenue from its continuing operations in FY2016 and FY2015, respectively. Other regions contributed approximately US$9.1 million revenue, representing approximately 8.9% of the Group's total revenue in FY2016.

Discontinued tinplate processing operations

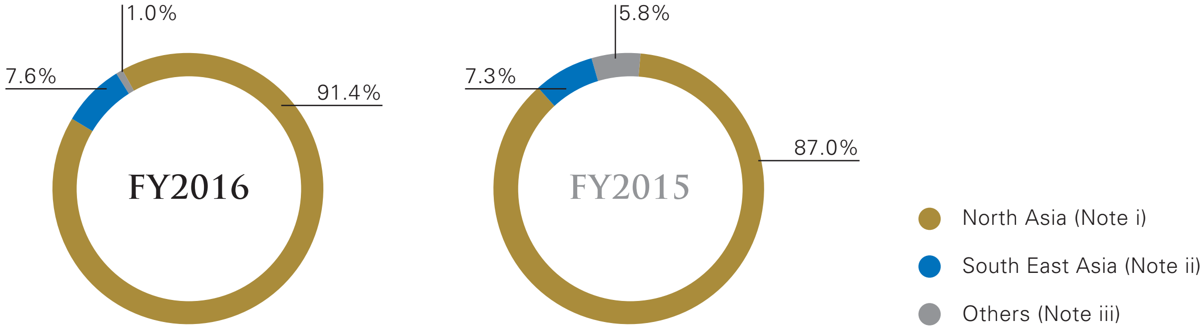
On 28 April 2016, the Group has discontinued its tinplate processing business by disposing all its 50% equity interest for value of RMB9 million (approximates to US$1.38 million) in Tianjin Shifa Novo Technology Development Limited ("**Tianjin Shifa**").

Tianjin Shifa was making loss for some time. For the period ended 28 April 2016. Tianjin Shifa recorded a total turnover of approximately US$23.3 million with a gross loss of approximately US$0.4 million. Distribution and selling expenses, administrative expenses and finance costs were approximately US$0.2 million. US$0.4 million and US$1.1 million respectively.

Gross Profit

The Group's gross profit for FY2016 increased to positive figure around US$1.7 million, as compared with the group's negative gross profit approximately US$3.0 million in FY2015. The Group's gross profit margin from continuing operations increased from negative 1.3% in FY2015 to approximately 1.7% in FY2016. Such an increase was mainly due to the Group focuses on trading of tinplate, and the suspension of manufacturing.

Sales Revenue by Geographical Locations (%)



Notes:
(i) Included China, Hong Kong and Macau and Korea.
(ii) Included Indonesia, Thailand, Vietnam, Malaysia, Philippines and Singapore.
(iii) Included America, Australia, Belgium Ethiopia, Italy – Mozambique, Salvador and Ukraine.

Other income

Other income decreased from US$2.2 million in FY2015 to US$1.7 million in FY2016. Such a decrease was mainly due to decrease in bank interest income which in lines with decrease in cash and cash equivalents.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 66.6% from approximately US$4.0 million in FY2015 to approximately US$1.3 million in FY2016, such a decrease was mainly due to the decrease in freight charges.

Administrative expenses

Administration expenses remains stable approximately US$10.2 million and US$8.0 million in FY2016 and FY2015, respectively.

Finance costs

The finance costs decreased from US$5.7 million in FY2015 to approximately US$4.9 million in FY2016, which was primarily due to repayment of working capital loan.

Review of Financial Position

Under the challenging market conditions, the Group has adopted a conservative and prudent approach to manage its businesses, in order to improve operating efficiency, maintain a sound financial and liquidity position, the Group continuing effective cost control and rigorous inventory control policy.

Property, plant and equipment

Property, plant and equipment decreased by approximately US$10.0 million from approximately US$73.1 million as at 30 April 2015 to approximately US$63.1 million as at 30 April 2016. The decrease was coming from both depreciation of property, plant and equipment and reclassification of certain property, plant and equipment as held-for-sale. During the year, the Company announced the disposal its office property with net carrying value of US$4.9 million, therefore the office property reclassified as asset held for sale.

Inventories

Inventories held by the Group dropped significantly by approximately US$3.0 million from approximately US$3.9 million as at 30 April 2015 to approximately US$0.9 million as at 30 April 2016, mainly resulting from concentration on trading business which is with shorter stock turnover day than manufacturing business.

Trade and other receivables

Trade and other receivables decreased from approximately US$42.4 million as at 30 April 2015 to approximately US$23.3 million as at 30 April 2016. Distribution of trade receivables and other receivables were approximately 21.9% (approximately US$5.1 million) and 78.1% (approximately US$18.2 million) of total receivables as at 30 April 2016, compared to approximately 34.9% (approximately US$14.8 million) and 65.1% (approximately US$27.5 million) of total receivables as at 30 April 2015. The decrease of trade and bills receivables as at 30 April 2016 was resulted from decreased in turnover and also reclassification of trade and bills receivable of Tianjin Shifa as disposal group assets classified as held-for-sale.

Trade and other payables

Trade and other payables decreased from approximately US$63.5 million as at 30 April 2015 to approximately US$14.6 million as at 30 April 2016. Distribution of trade payables and other payables were approximately 12.3% (approximately US$1.8 million) and 87.7% (approximately US$12.8 million) of total payables as at 30 April 2016 compared to approximately 76.9% (approximately US$48.8 million) and 23.1% (US$14.7 million) of total payables as at 30 April 2015. The decrease of trade and other payables was mainly due to the reclassification of trade and other payables of Tianjin Shifa as liabilities directly associated with disposal group classified as held-for-sale.

Liquidity and financial resources

The Group's borrowings increased by approximately US$11.7 million from approximately US$77.3 million as at 30 April 2015 to approximately US$89.0 million as at 30 April 2016. The Group increased long term loan from New Page Investments Limited to release corporate guarantee.

An aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately US$23.7 million from approximately US$33.5 million as at 30 April 2015 to approximately US$9.8 million as at 30 April 2016. Such a decrease was mainly due to repayment of bank loan for release of corporate guarantee and also reclassification of cash and cash equivalents of Tianjin Shifa to disposal group assets classified as held-for-sale.

Total cash and bank balance represents approximately 470.4% of the Group's net assets value as at 30 April 2016 (30 April 2015: approximately 203.0%).

BUSINESS UPDATE

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.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries or Associated Companies

Save for those disclosed in this annual report, there were no significant investments held as at 30 April 2016, nor were there material acquisitions and disposal of subsidiaries during FY2016.

Pledge of Assets

Certain assets of the Group have been pledged to secure the bank borrowings of the Group. For details, please refer to Note 23 to the financial statements.

Foreign Exchange Exposure

Sales and purchases of the Group were transacted in USD, HKD and RMB. Most of the Group's monetary assets and liabilities were denominated in these currencies. The Directors were aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between these currencies and will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

Contingent Liabilities

The Group's contingent liabilities as at 30 April 2016 are shown in Note 30 to the financial statements.

Liquidity and Financial Resources

An aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately US$23.7 million from approximately US$33.5 million as at 30 April 2015 to approximately US$9.8 million as at 30 April 2016.

The gearing ratio, calculated as a percentage of net debt to equity, was 99% (30 April 2015: 88%) as at 30 April 2016. In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future.

Employees and Remuneration Policies

As at 30 April 2016, the Group had a total of 255 (2015: 321) full-time employees. The Group determines its staff's remuneration based on factors such as qualifications, years of experience, market conditions and performance of the individual employees. The Company does not have share option scheme for its employees.

Appreciation

I, on behalf of the Board, would like to take this opportunity to express my gratitude to all shareholders, customers and business partners for their unfailing support and to the management and staff for their professionalism and dedication.

Chow Kin Wa
Executive Director and Chief Executive Officer

Board of Directors

Executive Directors

The Directors' updated information is set out below, save as disclosed as below, there is no financial, business, family or other material/relevant relationship among the Directors. The change of directors' information pursuant to Rule 13.51B of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited since the Company's last published interim report is set out in the section "Change of Information relating to Directors":–

Mr. Zhu Jun ("Mr. Zhu"), aged 56, executive Chairman and executive Director, was appointed on 30 October 2015. He is responsible for formulating the Group's strategic directions, expansion and overall business development plans. He is also a director and the sole shareholder of Golden Star Group Limited, which is a controlling shareholder of the Company. Mr. Zhu is a World Fellow of The Duke of Edinburgh's International Award since 2014. He holds a bachelor's degree from the Beijing Agricultural Engineering University and studied at Guangdong Academy of Social Sciences from 1988 to 1990. Since 30 October 2015, he has been the chairman of the nominating committee and a member of the remuneration committee of the Company.

Mr. Chow Kin Wa ("Mr. Chow"), aged 49, executive Director and chief executive officer of the Company appointed on 10 March 2008. He is responsible for the business development and trading activities of the Group. He is also a director and controlling shareholder of New Page Investments Limited, which ceased to be a controlling shareholder of the Company since 5 October 2015. Mr. Chow has over 20 years of experience in multinational steel trading and manufacturing business. Mr. Chow holds a Bachelor of Science degree from the University of Hong Kong and a Master of Science degree in Information Systems from Hawaii Pacific University, United States of America.

Ms. Wang Jianqiao ("Ms. Wang"), aged 28, executive Director appointed on 30 October 2015. She is also a director of Golden Star Group Limited, which is a controlling shareholder of the Company. She had worked for large enterprises including the Finance Shared Service Center of the Baosteel Group in 2012 and Ping An Bank between 2013 and 2015. Ms. Wang served as a vice president of Xinxing Investment Group in 2014 and was appointed as a director of Xinxing Investment Group. She holds a bachelor's degree in Management from the Shanghai Finance University. She has been taking Executive Master of Business Administration program of Shanghai Jiao Tong University, since 25 November 2015.

Independent non-executive Directors

Mr. Tang Chi Loong ("Mr. Tang"), aged 47, an independent non-executive Director appointed on 1 July 2009. He graduated from the Law faculty of the National University of Singapore and is an advocate and solicitor of the Supreme Court of Singapore. Mr. Tang has been a practising lawyer for more than 15 years with experience in diverse areas of the law. He is currently a partner of a law firm, Hin Tat Augustine and Partners overseeing the insurance law department of the firm. Since 29 April 2016, Mr. Tang has ceased to act as a director of Sinjia Land Limited (formerly known as HLN Technologies Limited), a company listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Since 1 July 2009, he has been the chairman of the remuneration committee and a member of the audit committee. He has been re-designated from the chairman to a member of the nominating committee since 30 October 2015.

Mr. Foo Teck Leong ("Mr. Foo"), aged 51, an independent non-executive Director appointed on 1 April 2010. Mr. Foo graduated from the National University of Singapore with a degree of Accountancy in 1989 and obtained a Master of Business Administration degree from The University of Manchester, United Kingdom in 2004. Mr. Foo is a member of the Institute of Singapore Chartered Accountants since 1994. Mr. Foo currently manages a business consultancy firm, Red Dot Consult Pte Ltd and holds directorship in several privately held companies. He is the chairman of the audit committee since 19 November 2010, and a member of the remuneration committee and the nominating committee of the Company since 1 April 2010.

Mr. William Robert Majcher ("Mr. Majcher"), aged 53, an independent non-executive Director of the Company appointed on 27 November 2015 after 4:00 p.m. Mr. Majcher holds a bachelor's degree in Commerce from St. Mary's University, Halifax, Nova Scotia, Canada. With over 25 years of experience in public service, international finance and capital markets, he is recognised as an expert on money laundering in the United States Federal Court for the Southern District of Florida and the Supreme Court of British Columbia and the Ontario Superior Court of Justice in Canada. Mr. Majcher is currently an independent non-executive director of (i) Evolving Gold Corporation (a company listed on both The Canadian Stock Exchange with stock code: EVG and The Frankfurt Stock Exchange with stock code: EV7); and (ii) Chanceton Financial Group Limited (a company listed on the Growth Enterprise Market of the Stock Exchange with stock code: 8020). Mr. Majcher has resigned as the (i) chairman and an executive director of China Investment Fund Company Limited (a company listed on the Main Board of the Stock Exchange with stock code: 612) with effect from 15 January 2013; (ii) independent non-executive director of CCT Land Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 261) with effect from 29 February 2016; and (iii) independent non-executive director of Pan American Goldfields Ltd. (a company listed on the OTC Bulletin Board with stock code: MXOM) with effect from 6 June 2014. Since 27 November 2015 at 4:00 p.m., he is a member of the audit committee, remuneration committee and nominating committee of the Company.

Change of Information relating to Directors

Changes in directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of change
Mr. Tang	• On 1 February 2016, the Company has issued a letter of appointment to Mr. Tang for a term of two years commencing from 1 February 2016 under the same terms and conditions.
	• Since 29 April 2016, Mr. Tang has ceased to act as a director of Sinjia Land Limited (formerly known as HLN Technologies Limited), a company listed on the SGX-ST.
Mr. Foo	• On 1 February 2016, the Company has issued a letter of appointment to Mr. Foo for a term of two years commencing from 1 February 2016 under the same terms and conditions.
Mr. Majcher	• On 29 February 2016, Mr. Majcher ceased to be an independent non-executive Director of CCT Land Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 261).

Upon specific enquiry by the Company and confirmations from Directors, save as otherwise set out in this Report, there are no other changes in the directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report.

Training and Continuing Development of Directors

The Directors have been responsible for their own training needs and report to the Company whereas the Company provides suitable training course for the Directors at the Company's expenses. The newly appointed Director shall receive appropriate induction training and coaching to develop individual skills as required. The Group provides extensive background information about its history, mission and values to the Directors. During the Year, all Directors have complied with code provision A.6.5 of the HK CG Code to participate in continuous professional development to develop and refresh their knowledge and skills by attending seminars, in-house briefings or reading materials on the following topics:

	Topics of training covered Note
Executive Directors	
Mr. Zhu Jun	1, 2, 4
Mr. Chow Kin Wa	1, 2, 4
Ms. Wang Jianqiao	1, 2, 4
Independent Non-Executive Directors	
Mr. Foo Teck Leong	1, 2, 3
Mr. Tang Chi Loong	1, 2, 5
Mr. William Robert Majcher	1, 5, 6

Note:

(1) Corporate governance
(2) Regulatory updates
(3) Finance and accounting
(4) Industry updates
(5) Legal
(6) Money Laundering

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the businesses and operations of the Company and full awareness of Director's responsibilities and obligations under the relevant rules and statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities.

Key Management Personnel

Ma Yiu Ming, aged 54, Head of Operations of the Group, joined the Group since 2006. He holds a Bachelor's degree and a Master's degree of Business Administration from the Open University of Hong Kong. He is currently a fellow member of the Institute of Chartered Shipbrokers. He is responsible for the Group's business coordination and integration of various functional developments such as operations, shipping, insurance and legal. He has over 25 years of experience in the international traffic and logistics business, particularly in shipping, insurance, cargo inspection, arbitration and legal consulting. Prior to joining the Group, he held several managerial positions in various shipping and chartering companies and was responsible for shipping and chartering functions.

Ji Na Xin, aged 47, General Manager of the People's Republic of China (the "**PRC**" or "**China**") Division of the Group, joined the Group since 2008 and is responsible for the overall management, strategic planning and business development of the Group's operations in the PRC. Backed by over 20 years of experience in multinational steel trading and manufacturing groups, he has established extensive business networks in the PRC.

Tam Hin Shi, aged 36, Deputy General Manager of the PRC Division of the Group, joined the Group since 2008 and is responsible for promoting the business development activities of the Group's PRC division. He has over 10 years of experience in steel related business in the PRC and has built up wide and deep connections with steel operators and manufacturers in various countries.

Yiu Lai Sin, aged 48. Finance Manager, joined the Group since March 2015. She holds a Bachelor's degree from a university in the PRC. She is an associate member of the Hong Kong Institute of Certified Public Accountants. Before appointing of the CFO, she reported to executive Directors and has been responsible for the financial management of the Group. Prior to joining the Group, she had over 15 years of extensive finance and accounting experience in respect of manufacturing, international trading and retails, etc. She has held managerial positions since the year of 2007.

* Reference to "Key management personnel" in this annual report shall include persons referred to as "senior management" under the HK Listing Rules.

Corporate Governance Report

The Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**", together with its subsidiaries (collectively referred to as the "**Group**")) are pleased to present this Corporate Governance Report in the Group's annual report for the year ended 30 April 2016 (the "**Year**").

Corporate Governance Practices of the Company

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders and to enhance corporate values and accountability.

During the Year, the Company has adopted, for corporate governance purposes, the code provisions of the Corporate Governance Code (the "**HK CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") (collectively, the "**HK Listing Rules**"), in addition to the Singapore Code of Corporate Governance 2012 (the "**Singapore CG Code**"). In the event of any conflict between the Singapore CG Code and the HK CG Code, the Company will comply with the more onerous code provisions.

The Company has substantially complied with the principles and guidelines and recommendations in the Singapore CG Code when they are applicable, during the Year and deviations from the Singapore CG Code if any have been explained.

The Company has complied with the HK CG Code (to the extent that such provisions are applicable) except for below deviations from code provisions A.4.1, A.6.7 and D.1.4 of the HK CG Code which are explained in the relevant paragraphs of this report.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its businesses and to review such practices from time to time to ensure that they comply with the Singapore CG Code and the HK CG Code.

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and the management remains accountable to the Board.

Responsibilities

The primary role of the Board is to lead and control the Company's operations and affairs and to protect and enhance long-term shareholders' value. The Board oversees the management of the businesses and affairs of the Group and is responsible for the overall performance of the Group. The Board provides entrepreneurial leadership, sets the overall strategy for the Group and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

The Board is also responsible for:

- providing guidance and leadership for corporate and strategic directions of the Group;
- reviewing the financial performance of the Group;
- providing guidance to overall management of the businesses and affairs of the Group;
- setting up broad policies and financial objectives of the Company;

- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

- approving the nominations of Directors and appointments of key personnel;

- reviewing and approving of investments, mergers and acquisition and disposal transactions;

- approving annual budgets and major funding proposals;

- assuming responsibility for corporate governance as set out in the code provision D.3.1 of the HK CG Code and the Singapore CG Code; and

- reviewing the performance of management.

To facilitate effective management, certain functions have been delegated to various Board committees, namely Nominating Committee, Remuneration Committee and Audit Committee, each of which has its own written terms of reference and whose actions are reported to and monitored by the Board. The effectiveness of each committee is also constantly monitored.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the best interests of the Company and its shareholders at all times.

The Board members comprise businessmen and professionals with legal and financial background and business/ management experience, all of whom as a group, provides the Board with the necessary experience and expertise to direct and lead the Group. In addition, the Board considers its independent non-executive Directors to be of sufficient calibre.

Independent non-executive Directors exercise no management functions in the Group. Although all Directors have equal responsibility for the performance of the Group, the role of the independent non-executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined and take account of the long-term interest, not only of the shareholders but also of other stakeholders.

Independent non-executive Directors contribute to the Board process by monitoring and reviewing senior management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's businesses. When challenging senior management's proposals or decisions, they bring independent judgment on business activities and transactions involving conflicts of interest and other complexities.

None of the independent non-executive Directors has served the Board for more than nine years from the date of his initial appointment.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Responsibility relating to implementing the Board's decision, directing, co-ordinating and managing daily operation are delegated to the management.

The delegated functions and responsibilities to the Chief Executive Officer (the "**CEO**") and the senior management are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has established three committees, namely, the Nominating Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company with defined written terms of reference which are available at the website of the Company and that of the SEHK.

The Board also has the full support of the CEO and the senior management for the discharge of its responsibilities.

Board Meetings

The Board has scheduled to meet at least four times a year at approximately quarterly intervals. In addition, the Board holds meetings at such other time as may be necessary to address any specific significant matters that may arise. Some important matters concerning the Group are also put to the Board for its decision by way of written resolutions. The Company's Constitution allows the meetings of Directors to be conducted by means of telephone conference or video conference or other similar communications. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Board meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

The meetings' agendas are prepared in consultation with the Executive Chairman. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

All directors and company secretaries (the "**Company Secretaries**") attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. Senior management of the Group is invited to attend Board meetings to provide updates on operational matters where appropriate.

The Company's Constitution contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

DIRECTORS' ATTENDANCE RECORDS

During the Year, 4 regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each Director at the meetings of the Board, the Audit Committee, the Nominating Committee and the Remuneration Committee during the Year are set out below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meeting held during the Year	**4**	**4**	**1**	**1**
Executive Directors				
Zhu Jun (Note 1)	2/2	–	–	–
Chow Kin Wa	4/4	–	–	–
Wang Jianqiao (Note 2)	2/2	–	–	–
Yu Wing Keung, Dicky (Note 3)	2/2	–	–	–
Chow Kin San (Note 4)	–	–	–	–
Independent non-executive Directors				
Tang Chi Loong	4/4	4/4	1/1	1/1
Foo Teck Leong	4/4	4/4	1/1	1/1
William Robert Majcher (Note 5)	2/2	2/2	–	–
Tse To Chung, Lawrence (Note 6)	2/2	2/2	1/1	1/1

Note (1): Mr. Zhu Jun was appointed as executive Director and executive Chairman, chairman of the Nominating Committee and a member of the Remuneration Committee on 30 October 2015

Note (2): Ms. Wang Jianqiao was appointed as executive Director on 30 October 2015

Note (3): Mr. Yu Wing Keung, Dicky resigned as executive Director on 27 November 2015

Note (4): Mr. Chow Kin San's service agreement with the Company ceased on 6 August 2015 and ceased to be an executive Director on the same date

Note (5): Mr. William Robert Majcher appointed as independent non-executive Director, member of Audit Committee, Nominating Committee and Remuneration Committee on 27 November 2015

Note (6): Mr. Tse To Chung, Lawrence resigned as independent non-executive Director on 27 November 2015

TRAINING AND CONTINUING DEVELOPMENT

Information relating to Training and Continuing Development of Directors are set out on page 17 of this annual report.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The current Board comprised of six members, consisting of three executive Directors and three independent non-executive Directors:

Executive Directors:

Mr. Zhu Jun *(Executive Chairman, Chairman of the Nominating Committee and a member of the Remuneration Committee)*
Mr. Chow Kin Wa *(CEO)*
Ms. Wang Jianqiao

Independent non-executive Directors:

Mr. Foo Teck Leong *(Chairman of the Audit Committee and member of the Nominating Committee and the Remuneration Committee)*
Mr. Tang Chi Loong *(Chairman of the Remuneration Committee, and member of the Audit Committee and Nominating Committee)*
Mr. William Robert Majcher *(member of the Audit Committee, the Nominating Committee and the Remuneration Committee)*

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the HK Listing Rules from time to time.

During the Year, the Board at all times met the requirements of Rules 3.10(1) and (2) of the HK Listing Rules and Guideline 2.2 of Singapore CG Code relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and independent non-executive Directors are made up at least half of the Board.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the HK Listing Rules and the Listing Manual. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the HK Listing Rules and the Singapore CG Code.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Board considers the views of the independent non-executive Directors to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. During the Year, the independent non-executive Directors have met the Chairman once in the absence of management.

Each of the independent non-executive Director is appointed for a specific term, subject to retirement by rotation once every three years. The appointment has been confirmed in a letter of appointment for each of the independent non-executive Director respectively and its terms are set out in this corporate governance report.

Executive Chairman and the CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The current Executive Chairman of the Group is Mr. Zhu Jun and the current CEO of the Group is Mr. Chow Kin Wa. The positions of Executive Chairman and the CEO are held by separate individuals in order to preserve independence and a balance of views and judgement.

The Executive Chairman is, amongst others, responsible for:

- leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- reviewing key proposals before they are presented to the Board for consideration;
- ensuring effective communications with shareholders of the Company;
- exercising control over quality, quantity and timeliness of the flow of information among the Board members and between management and the Board; and
- ensuring compliance with and promoting high standards of corporate governance.

The CEO is responsible for the day-to-day operations, business development and trading activities of the Group. The management team assists the Executive Chairman in overseeing the overall management, operations and the setting of corporate directions and strategies of the Group.

There is no relationship between the Executive Chairman and the CEO.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company adopts a formal and transparent process of appointing new Directors to the Board and ensures that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. In accordance with Regulation 89 of the Company's Constitution, Mr. Tang Chi Loong will retire at the forthcoming Annual General Meeting ("**AGM**"). In addition, Mr. Zhu Jun and Ms. Wang Jianqiao (who were appointed on 30 October 2015) and Mr. William Robert Majcher (who was appointed on 27 November 2015) will hold office until the conclusion of the AGM pursuant to Regulation 88 of the Company's Constitution. All the above retiring Directors, being eligible, shall offer themselves for re-election at the AGM.

The Nominating Committee had recommended to the Board the nomination of the above-named Directors for re-election as Directors at the forthcoming AGM. The Board had accepted the recommendation of the Nominating Committee.

Please refer to "Corporate Information" of this annual report for change of directors' information for the Year.

The Company's circular dated 31 August 2016 contains detailed information of the Directors standing for re-election. Other key information regarding the Directors is set out under "Board of Directors" of this annual report.

The table of date of appointment and last re-election of the current Directors, together with his directorship (if any) in other listed companies both present and those held over the preceding three years are set out below:

Name of Directors	Nature of appointment to the Company	Date of first appointment to the Company	Date of last re-election as Director of the Company	Directorship in other listed companies and principal commitments
Zhu Jun	Executive Chairman and Executive Director	30/10/2015	–	–
Chow Kin Wa	Executive Director and CEO	10/03/2008	31/08/2015	–
Wang Jianqiao	Executive Director	30/10/2015	–	–
Tang Chi Loong	Independent non-executive Director	01/07/2009	29/08/2014	Sinjia Land Limited (resigned on 29 April 2016)
Foo Teck Leong	Independent non-executive Director	01/04/2010	31/08/2015	–
William Robert Majcher	Independent non-executive Director	27 November 2015	–	Evolving Gold Corporation Chanceton Financial Group Limited China Investment Fund Company Limited (resigned with effect from 15 January 2013) CCT Land Holdings Limited (resigned with effect from 29 February 2016) Pan American Goldfields Ltd. (resigned with effect from 6 June 2014)

Further details of Directors (including academic/professional qualification) can be found on pages 16 to 17 of this annual report.

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position in such circumstance. Candidates may be suggested by directors or management or sourced from external sources. The candidates are assessed based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision-making track record, relevant experience and financial literacy.

The Nominating Committee comprises four members, namely, Mr. Zhu Jun (Chairman), Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher, the majority of them are independent non-executive Directors.

The Board is of the view that with Mr. Zhu Jun's understanding of the Group's operations, he is in an appropriate position to advise and recommend to the Board on the matters relating to the Nominating Committee. However, independence is not compromised, as the other three members of the Nominating Committee, who constitute a majority, are independent.

The Nominating Committee is regulated by a set of written terms of reference and its key functions include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- making recommendations to the Board on the appointments and re-appointments of Directors, having regard to each individual Director's contribution and performance;

- determining the criteria for identifying candidates and reviewing nominations for new appointments;

- reviewing and determining on an annual basis the independence of each independent non-executive Director;

- determining/proposing the objective performance criteria for the Board's approval and reviewing the Board's performance in terms of the performance criteria; and

- conducting a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, particularly when a Director serves on multiple Boards.

In assessing the optimum composition of the Board, the Nominating Committee would take into account various aspects set out in its terms of references and the board diversity policy of the Company, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender, the existing and future strategic needs of the Company. The Nominating Committee would review the measurable objectives under the Board diversity policy and the progress of attainment, so as to ensure effective implementation. The Nominating Committee is satisfied that the current board composition has achieved a diversity and would enhance the quality of performance of the Company.

In accordance with the Company's Constitution, any Director appointed by the Board as an additional Director or to fill a casual vacancy shall hold office until the next general meeting of shareholders after his/her appointment and be subject to re-election at such meeting. At each AGM, one-third of the Directors for the time being (or, if their numbers is not a multiple of three, the number nearest one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall retire at least once every three years and, being eligible, offer themselves for re-election.

For the Year, the Company has complied with the HK CG Code, save that:-

(i) during the period from 1 May 2015 to 31 January 2016, the independent non-executive Directors, Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. Tse To Chung, Lawrence (who had resigned on 27 November 2015 after 4:00 p.m.) were not appointed for a specific term as stipulated under the Code Provision A.4.1 of the HK CG Code which states that non-executive Directors should be appointed for a specific term, subject to re-election. However, they are subject to retirement by rotation and re-election at annual general meeting according to the Company's constitution.

On 1 February 2016, letters of appointment were issued to each of Mr. Tang Chi Loong and Mr. Foo Teck Leong for a term of two years commencing from 1 February 2016. Therefore, the Company has complied with Code Provisions A.4.1 of the HK CG Code from 1 February 2016 to 30 April 2016.

(ii) during the period from 1 May 2015 to 31 January 2016, the Company did not have formal letters of appointment for Mr. Tang Chi Loong, Mr. Foo Teck Leong, and Mr. Tse To Chung, Lawrence (who had resigned on 27 November 2015 after 4:00 p.m.) as stipulated under the Code Provision D.1.4 of the HK CG Code which states that issuers should have formal letter of appointment for Directors setting out the key terms and conditions of their appointment.

On 1 February 2016, letters of appointment were issued to each of Mr. Tang Chi Loong and Mr. Foo Teck Leong which setting out the key terms and conditions of their appointment. Therefore, the Company has complied with Code Provision D.1.4 of the HK CG Code from 1 February 2016 to 30 April 2016.

(iii) Mr. Tse To Chung, Lawrence (who had resigned on 27 November 2015 after 4:00 p.m.) could not attend the annual general meeting held on 31 August 2015 (the "**AGM 2015**") as stipulated under the Code Provision A.6.7 of the HK CG Code, which states that independent non-executive Directors should attend general meetings. However, at the AGM 2015, there were executive Directors and all other independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders.

Upon completion of the mandatory unconditional cash offer as disclosed in the Company's announcement dated 27 November 2015 after 4:00 p.m., Mr. William Robert Majcher has been appointed as an independent non-executive Director of the Company under a letter of appointment for a term of three years from 27 November 2015 and hence his appointment has complied with Code Provisions A.4.1 and D.1.4 of the HK CG Code.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Nominating Committee has formulated a process to evaluate and assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The Nominating Committee has considered the effectiveness of the Board as a whole and its board committees in addition to the contribution by the chairman and each individual director to the effectiveness of the Board on an annual basis. The performance evaluation criteria include an evaluation of the structure, composition and size of the Board, the Board's access to complete, adequate and timely information, Board's procedures and accountability. The Nominating Committee has reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Nominating Committee will ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. The performance criteria that the Nominating Committee will consider in relation to an individual Director include the Director's industry knowledge and/or expertise, time and effort dedicated to the Group's business and affairs, work commitments, attendance and participation at the Board and Board committee meetings. Each member of the Nominating Committee shall abstain from voting on any resolutions and making recommendation and/or participating in respect of the matters in which he is interested.

The Board and the Nominating Committee will endeavour to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

The Nominating Committee met once during the Year. The independence of each Director is reviewed annually by the Nominating Committee with reference to the guidelines set out in the Singapore CG Code. In addition, the independence of the Company's independent non-executive Directors meets the requirements set out in Rule 3.13 of the HK Listing Rules. The Nominating Committee has assessed the independence of the independent non-executive Directors and is satisfied that there are no relationships which would deem any of the independent non-executive Directors not to be independent. For the Year, the Nominating Committee has recommended re-election of the retiring Directors after assessing their contribution and performance, and has reviewed the structure, size and composition of the board in accordance with Rule 3.10A of the HK Listing Rules. It has considered and nominated new Directors for recommendation to the Board for appointment during the Year.

With three out of six Directors are independent, the Board is able to exercise independent judgment on corporate affairs and provide the management with a diverse and objective perspective on issues.

Notwithstanding that some of the Directors have multiple board representations, the Nominating Committee and the Board are satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, and there is presently no need to implement internal guidelines to address their competing time commitments. As such, the Nominating Committee and the Board do not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is furnished with detailed information concerning the Group from time to time, to enable them to fulfill its responsibilities and to be fully cognisant of the decisions and actions of the Group's executive management. All Directors have unrestricted access to the Company's records and information. Board papers are prepared for each meeting of the Board and include sufficient information from senior management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. The independent non-executive Directors have access to all levels of senior executives in the Group and are encouraged to speak to other employees to seek additional information if they so require.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretaries, with a view to ensuring that Board procedures and all applicable laws and regulations are followed.

Should the Directors, whether as a group or individually, need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor selected by the group or the individual to render the advice. The Company will, if necessary, organise briefing sessions or circulate memoranda to the Directors to enable them to keep pace with regulatory changes.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group.

The Remuneration Committee comprises four members, namely, Mr. Tang Chi Loong (Chairman), Mr. Zhu Jun, Mr. Foo Teck Leong and Mr. William Robert Majcher, the majority of them are independent non-executive Directors.

The Board is of the view that with Mr. Zhu Jun's understanding of the Group's operations, he is in an appropriate position to advise and recommend to the Board on the remuneration packages for the rest of the key management personnel of the Group. However, independence is not compromised, as the majority of the members of the Remuneration Committee are independent.

The Remuneration Committee is regulated by a set of written terms of reference. Its key functions include:

- reviewing and recommending to the Board the Company's policies and structure for all Directors and key management personnel remuneration as are competitive and appropriate to attract, retain and motivate Directors and key management personnel of the required quality to run the Company successfully and on the establishment of a formal and transparent procedure for developing remuneration policy;

- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- either determining (with delegated responsibility) or making recommendations to the Board on the remuneration packages of individual executive Directors and key management personnel;

- reviewing and approving compensation payable to executive Directors and key management personnel for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

- reviewing and recommending to the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Group, including the share option scheme (if any).

The principal function of the Remuneration Committee is to ensure that a formal and transparent set of policies and procedures are in place for determining executive remuneration and for fixing the remuneration packages of individual Directors and that no Director should be involved in deciding his own remuneration.

The Remuneration Committee covers all aspects of emoluments, including but not limited to Directors' fees, salaries, allowances, bonuses, options, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. In setting remuneration packages, the Remuneration Committee takes into consideration the pay and employment conditions within the industry and in comparable companies, as well as the Group's relative performance and their individual performance. The Remuneration Committee will seek expert advice on remuneration of all Directors as and when necessary.

The Remuneration Committee's recommendations are submitted for the endorsement by the entire Board.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Remuneration Committee ensures that the performance-related elements of remuneration be designed to align interests of executive Directors with those of shareholders and link rewards to corporate and individual performance and promote the long-term success of the Company. The Remuneration Committee has access to expert advice within and outside the Company when the need arises.

The Board recommends the quantum of Directors' fees to be paid to the independent non-executive Directors based on their contributions, taking into account factors such as frequency of meetings, effort and time spent as well as responsibilities. Directors' fees are subject to the approval of the shareholders at the forthcoming AGM.

The Remuneration Committee met once during the Year and had recommended to the Board a maximum amount not exceeding S$140,000 as Directors' fees for the year ending 30 April 2017. The Remuneration Committee made recommendations to the Board on the remuneration packages of individual executive Directors and key management personnel. The Board will propose Directors' fees for the year ending 30 April 2017 at the forthcoming AGM for shareholders' approval.

Executive Directors do not receive Directors' fees. The remuneration of executive Directors comprises a basic salary and variable components which is the annual bonus, based on the performance of the Group as a whole and their individual performance. At 30 April 2016, the Company has in place service agreements and letters of appointment with all Directors.

For the Year, the Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors, and it has agreed the terms, in particular, the remuneration package of the letters of appointment of Mr. William Robert Majcher, Mr. Foo Teck Leong and Mr. Tang Chi Loong, and of the service agreements of Mr. Zhu Jun and Ms. Wang Jianqiao.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Emoluments of Directors

A breakdown, showing the level and mix of each individual Director's total emoluments payable during the Year is set out in the following table:

	Salary S$	Bonus S$	Fees S$	Share option S$	Allowances and other benefits S$	Total S$
S$250,000 – S$500,000						
Wang Jianqiao (Note 2)	–	–	159,298	–	–	159,298
Chow Kin Wa	262,252	–	–	–	3,152	265,405
Yu Wing Keung, Dicky (Note 3)	218,543	–	–	–	2,101	220,644
Chow Kin San (Note 4)	187,988	–	–	–	1,050	187,988
Below S$250,000						
Zhu Jun (Note 1)	8	–	–	–	–	8
Tang Chi Loong	–	–	42,404	–	–	42,404
Foo Teck Leong	–	–	44,377	–	–	44,377
William Robert Majcher (Note 5)	–	–	19,846	–	–	19,846
Tse To Chung, Lawrence (Note 6)	–	–	18,124	–	–	18,124

Note (1): Mr. Zhu Jun was appointed as executive Director and executive Chairman, chairman of the Nominating Committee and a member of the Remuneration Committee on 30 October 2015

Note (2): Ms. Wang Jianqiao was appointed as executive Director on 30 October 2015

Note (3): Mr. Yu Wing Keung, Dicky resigned as executive Director on 27 November 2015

Note (4): Mr. Chow Kin San's service agreement with the Company ceased on 6 August 2015 and ceased to be an executive Director on the same date

Note (5): Mr. William Robert Majcher appointed as independent non-executive Director, member of Audit Committee, Nominating Committee and Remuneration Committee on 27 November 2015

Note (6): Mr. Tse To Chung, Lawrence resigned as independent non-executive Director on 27 November 2015

Emoluments of key management personnel and top five key management personnel who are not Directors

For the Year, the Group had the following Key Management Personnel and the top five key management personnel of the Group (who are not Directors) whose emoluments are set out below:

	Salary %	Bonus %	Share option %	Allowances and other benefits %	Total %
Below S$250,000					
Kwok Tung Fai (resigned on 19 May 2016)	100	–	–	–	100
Yiu Lai Sin	100	–	–	–	100
Ma Yiu Ming	100	–	–	–	100
Tam Hin Shi	100	–	–	–	100
Ji Na Xin	100	–	–	–	100

The aggregate total remuneration paid to or accrued to key management personnel (who are not Directors or CEO) amounted to S$728,032.

The Company has adopted a remuneration policy for staff comprising a fixed component (in the form of a base salary) and a variable component, which is in the form of discretionary bonus that is linked to the Company's and the individual's performance. Other element of the variable component is the grant of share options and awards to staff under the incentive schemes (if any). For the Year, the Company did not have any employee option scheme or other long term employee incentive scheme.

Further particulars regarding Directors' emoluments and the five highest paid employees are disclosed in Note 10 to the financial statements.

The remuneration of the executive Directors and the key management personnel comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance.

Immediate Family Member of the Director or the CEO

For the Year, no employees in the Group were immediate family members of a Director or the CEO and whose remuneration exceeded S$50,000.

Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Year.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the HK Listing Rules and other applicable statutory and regulatory requirements.

In preparing the financial statement for the Year, the Directors have selected appropriate accounting policies and applied them consistently, and have prepared the financial statements on a going concern basis.

In presenting the quarterly, interim and annual financial statements and announcement to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The management currently provides the Board with monthly update on the Group's performance, position and prospects.

The key management personnel of the Group has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises its responsibility for maintaining an adequate internal control system to safeguard the assets of the Group and the interests of shareholders and consider the governance of risk. Annual review on the adequacy and the effectiveness of the internal control and risk management systems of the Group has been conducted by the management and reviewed by the Board. The Audit Committee is satisfied that nothing has come to its attention to cause the Audit Committee to believe that the internal control system is inadequate. Review will be made at least annually to monitor the adequacy and the effectiveness of the risk management and the internal control system of the Group.

The Board with the concurrence of the Audit Committee is of the opinion that the Group's internal control was adequate and effective to address the financial, operational and compliance, information technology control and risk management systems to meet the needs of the Group in its current business environment. The said opinions were based on:

- the internal controls established and maintained by the Group;
- confirmation by Mr. Joseph Wong, who has assisted in overseeing the financial and compliance matter of the Group for the Year;
- reports issued by the internal and external auditors; and
- annual reviews performed by the management, the Audit Committee and the Board.

The Board has received assurance from the CEO and Mr. Joseph Wong that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems are effective.

The Company will determine level of risk tolerance and risk policy. The management reviews the Group's business and operational activities to identify areas of significant business risks and consider measures to mitigate these risks and report to the Board where necessary.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises three members, namely, Mr. Foo Teck Leong (Chairman), Mr. Tang Chi Loong and Mr. William Robert Majcher, all of them are independent non-executive Directors. Mr. Foo Teck Leong possesses the appropriate professional qualifications or accounting or related financial management expertise. The Board considers that Mr. Tang Chi Loong and Mr. William Robert Majcher have sufficient financial knowledge and experience to discharge their responsibilities as members of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The Audit Committee adopted its new terms of reference during the Year which is applicable to the Company's accounting periods beginning on or after 1 January 2016. Its key functions include:

- reviewing the audit plans and results of the external auditor of the Company and the internal auditor's evaluation of the adequacy of the Company's system of internal controls, the audit reports and management letters issued by the external auditor and the co-operation given by the Company's management to the external auditor;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditor and internal auditor, and to review the remuneration and terms of engagement of the external auditor;
- reviewing the nature and extent of non-audit services provided by the external auditor;
- reviewing cost effectiveness and the independence and objectivity of the external auditor;
- reviewing the significant financial reports so as to ensure the integrity of the financial statements of the Company and focus in particular on the changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit and compliance with financial reporting standards;

- reviewing quarterly, interim and annual financial statements and announcements before submission to the Board for approval;
- reviewing effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management and reviews the findings of the internal auditor of the Company;
- reviewing interested person transactions in accordance with the requirements as defined in the Listing Manual and the HK Listing Rules and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the shareholders of the Company;
- meeting with the external auditor and internal auditor, in separate executive sessions without the presence of the management of the Company (if applicable), to discuss any matters that the auditor believes should be discussed privately with the Audit Committee;
- reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- undertaking such other functions, duties, reviews and projects as may be requested by the Board or as may be required by statute, the HK Listing Rules or the Listing Manual.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the key management personnel of the Company and full discretion to invite any Director or executive officer of the Company to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Audit Committee also examines any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitors the Company's compliance with its legal, regulatory and contractual obligations.

The Board is of the view that the members of the Audit Committee has sufficient accounting or related financial management expertise and experience to discharge the Audit Committee's function.

The Audit Committee will assist the Board with regard to discharging its responsibility to safeguard the Company's assets, maintaining adequate accounting records, and developing and maintaining effective system of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Company, and that the management demonstrates and stimulates the necessary aspect of the Group's internal control structure among all parties. The Audit Committee will report to the Board on any material issues, and makes recommendations to the Board.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 58 to 61 of this annual report.

During the Year, the remuneration paid/payable to the Company's external auditor, Messrs Baker Tilly TFW LLP, is set out below:

Service Category	**Fees Paid/Payable US$**
Audit Services	81,578
Tax Compliance Services and Review of Unaudited Condensed Interim Financial Statements	17,592
Total	99,170

The Audit Committee has undertaken a review of all non-audit services provided by the external auditor for the Year and is satisfied that such services are not significant and would not, in the Audit Committee's opinion, affect the independence of the external auditor. The Audit Committee met, at least twice a year, with the Group's external auditor Messrs Baker Tilly TFW LLP to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained in the Group. Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the Audit Committee has recommended the re-appointment of Messrs Baker Tilly TFW LLP as the external auditor at the forthcoming AGM. The Company has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms.

The Audit Committee has met with the external auditor in the year without the presence of management.

During the Year, the Audit Committee has convened four meetings and reviewed the Group's quarterly/interim/annual results and interim report/annual report, the financial reporting and compliance procedures, the internal control reports, and the re-appointment of the external auditor. The external auditor presents to the Audit Committee the audit plan and also relevant updates relating to any change of accounting standards which have a direct impact on financial statements before an audit commences. The Audit Committee met with the external auditor and reviewed the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditor. The Audit Committee has also considered and revised its terms of reference during the Year.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy as implemented pursuant to the best practices as recommended by the Singapore Code of Corporate Governance 2012 to allow staff to raise concerns in confidence on any financial improprieties or management involving the Company. Staff will approach the chairman of the audit committee directly for any complaint or concerns about any suspected fraud or irregularity and possible improprieties in matters of financial reporting or management against any other employees of the Group. He will ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

The written and circulated whistle-blowing policy and procedures also sets out the procedures for raising concerns or making complaints, and the process of investigation. The Company did not receive any whistle-blowing report during the Year.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Audit Committee has appointed internal auditor to enhance our internal controls. The Company has outsourced its internal audit function to an independent accounting firm, Lau & Au Yeung C.P.A. Limited. The Audit Committee considers that the internal audit function is adequately resourced and has appropriate standing in the Company. The internal audit function is staffed with persons with relevant qualifications and experience. The Audit Committee also considers that the internal auditor has carried out its function according to appropriate professional standards. The Audit Committee has met, at least annually, to review the adequacy and effectiveness of the internal audit function. The Board and the Audit Committee have reviewed the reports of the internal auditor and the internal controls in place, and are satisfied that there are adequate internal controls in the Company. The internal auditor reports directly to the Chairman of the Audit Committee and administratively to the Executive Directors.

Shareholders' Rights, Responsibilities, Communication with Shareholders, and Conduct of Shareholders' Meetings

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relationship policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters effecting the company.

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

Details of Directors' attendance records of the AGM held on 31 August 2015 ("**AGM 2015**") was as follows:–

Members of the Board	AGM 2015 Attendance
Executive Directors	
Yu Wing Keung, Dicky (Note 1)	1/1
Chow Kin Wa	0/1
Chow Kin San (Note 2)	0/1
Independent non-executive Directors	
Tang Chi Loong	1/1
Foo Teck Leong	1/1
Tse To Chung, Lawrence (Note 3)	0/1

Note (1): Mr. Yu Wing Keung, Dicky resigned as executive Director of the Company on 27 November 2015

Note (2): Mr. Chow Kin San's service agreement with the Company ceased on 6 August 2015 and ceased to be an executive Director on the same date

Note (3): Mr. Tse To Chung, Lawrence resigned as independent non-executive Director on 27 November 2015

During the Year, save for Mr. Chow Kin Wa, Mr. Chow Kin San and Mr. Tse To Chung, Lawrence, the Directors attended the AGM 2015 and were available to answer questions. The chairman of the meeting explained (though the representatives of the scrutineer) the details procedures for conducting the poll at the AGM 2015. The Company's external auditor had attended the AGM 2015.

Code provision A.6.7 of the HK CG Code stipulates that independent non-executive Director should attend general meetings, Mr. Tse To Chung, Lawrence, who had resigned as independent non-executive Director of the Company on 27 November 2015 could not attend the AGM 2015 due to personal business. However, at the AGM 2015, there were executive Directors and all other independent non-executive Directors present to address queries from the shareholders and to enable the Board to develop a balanced understanding of the views of the shareholders.

The Company established different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms and other corporate information) required under the HK Listing Rules and the Listing Manual; (ii) the general meetings of the Company provide a forum for communication between the Board and the shareholders. The Executive Chairman of the Group as well as the respective chairman of the Nominating Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees are available to answer questions for shareholders and stakeholders at the general meetings; (iii) the Company's registrars deal with shareholders for share registration and related matters; and (iv) the Investor Relationship Department of the Company handles enquiries from shareholders and investors generally.

The Company does not have a dividend policy. However, the Company will work towards maintaining balance between meeting shareholders' expectations and prudent capital management. Given the financial position of the Group and the cautious view on the Group's prospects, no dividend has been declared or recommended by the Board in respect of the Year.

The notices of the general meetings will be despatched to shareholders, together with explanatory notes or a circular on items of special business before such meeting. Each item of special business included in the notice of such meeting will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. Shareholders are encouraged to attend the general meeting to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

All resolutions in general meetings have been voted by poll pursuant to the HK Listing Rules and the Listing Manual and the constitution of the Company. The detailed results showing the number of votes cast for and against each resolution and the respective percentages have been communicated to the shareholders via an announcement at the SGXNET and the SEHK's website, and posted on the Company's website accordingly.

To promote effective communication, the Company maintains a website at www.novogroupltd.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Company will consider use of other forums such as analyst briefing as and when required.

The Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.

Shareholders' Rights

Currently the Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared.

Poll results will be announced on the SGXNET and the SEHK's website and posted on the website of the Company after each general meeting. All current/previous announcements being put on the Company's website on timely basis, any interested parties can assess to such information easily.

Pursuant to Regulation 88 of the Company's constitution, the shareholder(s) may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy.

There is no change in the Company's constitutional documents during the Year.

Shareholder(s) holding not less than 10% of the Company's paid-up capital may request the Board to convene an extraordinary general meeting ("**EGM**"). The objects of the general meeting must be stated in the related requisition deposited at the Company's registered office.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to Investor Relationship Department by email at ir@goldenstargroup.hk for onward transmission of the communications relating to matters within the Board's purview to designated Directors, communications relating to matters within Board committees' area of responsibility will be sent to the chairman of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints will be sent to the appropriate Company's executive.

All resolutions put forward at general meeting will be voted by way of poll pursuant to the HK Listing Rules and the Listing Manual. To safeguard shareholders' interests and rights, rules and poll procedures will be explained at the commencement of the general meeting. Poll results will be posted on the websites of the Company, the SGX-ST and the SEHK after each general meeting pursuant to the requirements of the HK Listing Rules and the Listing Manual.

For putting forward proposals at the general meeting, shareholders should submit a written notice with detailed contact information to the Company's registered office which are set out in the Corporate Information of this Annual Report to request an EGM to be called by the Board for the transaction of any business specified in such requisition and such EGM shall be held within two months after the deposit of such requisition.

The notice period to be given to all shareholders for consideration of the proposal raised by the shareholders concerned at the general meeting varies according to the nature of the proposal, as follows:

- At least 14 clear business days' notice (the notice period must include 10 business days) in writing if the proposal constitutes an ordinary resolution of the Company in an EGM.

- At least 21 clear business days' notice (the notice period must include 20 business days) in writing if the proposal constitutes a special resolution of the Company in an EGM or any resolution of the Company in an AGM.

Company Secretaries

The Company Secretaries have provided the Board with regular updates on the requirements of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), the Listing Manual, the HK Listing Rules and other rules and regulations where applicable. The Company Secretaries also attend all Board meetings and assist the Executive Chairman in ensuring that Board procedures, and all applicable law, rules and regulations, are followed. The Company Secretaries play an essential role in the relationship between the Company and its shareholders, including to assist the Board in discharging its obligations to shareholders.

Mr. Lee Hock Heng resigned as secretary of the Company on 20 September 2015 and Mr. Srikanth Rayaprolu was appointed by the Board as the secretary of the Company acting in compliance with the Listing Manual on 4 December 2015. Details of the said change of company secretary were set out in the Company's announcements dated 18 September 2015 and 4 December 2015 respectively.

The Company Secretary, Mr. Srikanth Rayaprolu is an external service provider to act as secretary in compliance with the Companies Act, while Ms. Lau Jeanie is an employee and the primary contact person of the Company.

Dealings in the Company's Securities

The Company has established written guidelines on terms no less exacting the requirements under the Listing Manual and the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the HK Listing Rules. The Group adopted the required standards in the Model Code and prohibits the Directors and relevant officers to trade in the Company's securities, during the period beginning 60 and 30 days immediately before the date of the announcement of the full year or quarterly results respectively (or if shorter, the period from the end of the relevant financial year/financial period) and ending on the date of the announcement of the relevant results.

Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code throughout the Year for securities transactions.

Directors, officers and/or relevant employees of the Group are also prohibited from dealing in the Company's securities on short term considerations or when they are in possession of unpublished inside information of the Group. The Company issues regular notice to remind Directors, officers and/or relevant employees of the Group on the abovementioned prohibitions.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision D.3.1 of the HK CG Code. During the Year, the Board has considered the corporate governance policy and reviewed the Company's internal codes for securities dealing, the whistle-blowing policy and interested person transactions entered into by the Group for FY2016 as required under the applicable requirements of the Listing Manual of the SGX-ST and the HK Listing Rules.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions.

All interested person transactions will be documented and submitted periodically to the Audit Committee for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Details of the interested person transactions ("**IPT**") entered into by the Group for FY2016 as required to be disclosed pursuant to Rule 1207(17) of the Listing Manual of the SGX-ST are set out as below:–

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
New Page Investments Limited	S$1,248,289	–

Material Contracts and Loans

Save for the service agreements between the Director and the Company, and as disclosed in the financial statements, there were no material contracts and loans of the Company, or any of its subsidiaries involving the interests of the CEO or any Directors or controlling shareholders, during the Year, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Proceeds from the Placement

The Company raised net proceeds of approximately HK$46.86 million (approximately S$8.28 million) from the placement of 20,680,000 ordinary shares in the capital of the Company at an issue price of HK$2.32 (equivalent to approximately S$0.401) for each share which was completed on 1 August 2016. Such proceeds are expected to be utilised for the purpose of funding potential business expansion or development when opportunities arise. Alternatively, the Company may use the net proceeds from the Placing for general working capital purpose.

As at the date of the this report, the proceeds have not been utilised by the Company.

Financial Contents

Directors' Statement

The board (the "**Board**") of directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**") hereby presents their statement to the shareholders together with the audited consolidated financial statements of the Company and its subsidiary corporations (the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2016 (the "**Year**").

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 62 to 152 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 April 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as a going concern as described in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Reference to this statement shall include the "Directors' Report" as referred to under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") (the "**HK Listing Rules**").

Principal Activities

During the Year, the Company acted as an investment holding company and its subsidiary corporations were principally engaged in (1) trading and distribution of iron ore, coal and steel products; and (2) manufacturing, sales and distribution of electrolytic tinplate and related products for metal packaging industry; and (3) downstream operations of tinplate processing segment (now discontinued).

Results and Appropriations

The financial performance of the Group for the Year and the financial position of the Company and the Group at that date are set out on pages 62 to 152 of the annual report.

The Directors did not recommend the payment of a final dividend for the Year.

Business Review

A review of the business of the Group during the Year, which includes an analysis of the Group's performance using financial key performance indicators, a discussion on the Group's future business development are set out in the sections headed "Management Discussion and Analysis" on page 11 to 15 of the annual report. The principal risks and uncertainties that the Group may face and a discussion on the relationships with its key stakeholders are set out on page 45 to page 47 of this statement. Particulars of important events affecting the Group that have occurred since the end of the reporting period are set out in Note 37 to the financial statements. The review forms part of this statement.

RISK FACTORS

The possible risks and uncertainties together with the corresponding steps undertaken by the Group are set out below:-

Risks and uncertainties may be facing by the Group	Actions taken by the Company
The Company has been placed on the watch-list with effect from 3 September 2014 and would have to fulfil the requirements under Rule 1314 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for its removal from the watch-list within 24 months from 3 September 2014.	The Company has made an extension application on 2 August 2016, the Company will update the outcome in due course.
The Group's ability raise funds and the cost of such financing are dependent upon numerous factors, including general, economic and capital market conditions, regulatory developments and credit availability from banks and other lenders.	On 1 August 2016, the Company has successfully completed a placing of an aggregate of 20,680,000 ordinary shares in the Company at HK$2.32 per ordinary share, with aggregate net proceeds of approximately US$6,008,000 (HK$46,860,000).
Fluctuations in market demand for trade.	The Group will make use of all viable procurements and marketing opportunities while utilising of different marketing platforms and operating prudently to achieve good results. The Group has established good networks with suppliers and customers.
The development and construction of the Group's projects and the future expansion are subject to regulation by the China's authorities, including building and construction, environmental and safety requirements.	The Group will carefully watch the global regulatory requirements and take appropriate strategic move in response to those changes.

Environmental Policies and Performance

Throughout the Year, the Group strives to operate in compliance with applicable environmental laws as well as to protect the environment by minimising the negative impact of the Group's existing business activities on the environment and supporting natural and environmental protection schemes.

The Group considers environmental protection is crucial to all aspects of lives, therefore the Group encourages corporate initiatives, activities and practices which have minimal adverse impact on the environment, and where possible, are geared towards conservation and preservation of the environment.

To protect the environment and improve air quality within the community, several measures have been implemented to mitigate environmental pollution, such as:

- support material-saving;
- support environment friendly working environment;
- reducing energy consumption;
- enhancing machines and equipment;
- recycling and reducing;
- double sided printing and copying;
- using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices.

To support a work-life balance management, the Group encourages the reduction of over-time work in non-peak seasons. The Group encourages social interaction amongst employees through various social events and sports activities. More activities shall be arranged relating to business, culture, literature, education, religion, health and social care for the employees.

The Group ensures a workplace is free from gender discrimination and harassment based on race, colour, gender, national origin, marital status, religion as required under the relevant laws.

The occupational safety and health guidelines are effectively developed, implemented and continuously improved in our factory in China. To provide a rewarding and supporting working environment, the Group continues to invest in our people and provide professional training to employees through various training programmes, workshops and seminars.

The Group is committed to making a positive contribution to the communities in which it operates for all the time. During the Year, the Group continued to support meaningful activities in the community, and to encourage and promote volunteerism throughout the Group.

The governance and investor relations issues are set out on page 19 to 42 of the annual report.

Compliance with the relevant laws and regulations that have a significant impact on the Company

Throughout the Year, to the best knowledge, information and belief, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company.

Key Stakeholder Relationship

The Group has a good relationship with its employees. Details are set out on page 9 of this annual report.

In order to better control over the source of supply of raw material, the Group has secured a timely and reliable supply of raw materials by tapping on the Group's network of suppliers and business partners through its integrated supply chain activities.

The Group's established good working relationships with its customers as well as its strong sales and marketing team will put the Group in good position to act as the conduit for the supply of products. The Group also believes that its comprehensive range of products will enable it to meet the different needs of its customers and remain competitive in the steel industry.

Relationship with investor can be found in the Corporate Governance Report of the annual report.

Investment in subsidiarY corporations

Particulars of the Company's principal subsidiary corporations as at 30 April 2016 are set out in Note 18 to the financial statements.

Summary of financial information

A summary of the financial performance and assets and liabilities and non-controlling interests of the Group for the last five years ended 30 April, as extracted from the published audited financial statements is set out on page 153 of the annual report.

Property, Plant and Equipment and Land Use Rights

Details of movements in the property, plant and equipment and land use rights of the Company and the Group during the Year are set out in Note 16 and 17 to the financial statements.

Share Capital

Details of movements in the share capital of the Company and the Group during the Year are set out in Note 26 to the financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the Year are set out in the statements of changes in equity.

As at 30 April 2016, the Company's reserves available for distribution amounted to US$Nil (2015: US$Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiary corporations purchased, sold or redeemed any of the Company's listed securities during the Year.

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers accounted for 64% (2015: 56%) of the Group's total sales, purchases from the Group's five largest suppliers accounted for 99% (2015: 58%) of the Group's total purchases and purchases from the largest supplier included therein amounted to 54% (2015: 16%).

None of the Directors and their associates, or, so far as the Directors were aware, shareholders who owned more than 5% of the Company's issued share capital had any interest in any of the five largest customers and the five largest suppliers of the Group.

Permitted Indemnity Provision

Insurance cover in respect of liability against Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged and in force during the Year.

Equity-Linked Agreement

No equity-linked agreement which may result in the Company issuing shares was entered into or existing during the Year. The placing agreement entered into by the Company on 5 July 2016 is set out in the "Subsequent Events" in Note 37 to the financial statements.

Donations

During the Year, the Group has not made any donation.

Directors

The Directors in office during the Year and up to the date of this statement are:

Executive Directors

Zhu Jun (Note 1)
Chow Kin Wa *(Chief Executive Officer)*
Wang Jianqiao (Note 2)
Yu Wing Keung, Dicky (Note 3)
Chow Kin San (Note 4)

Independent non-executive Directors

Foo Teck Leong
Tang Chi Loong
William Robert Majcher (Note 5)
Tse To Chung, Lawrence (Note 6)

Note (1) : Mr. Zhu Jun appointed as executive Director and executive Chairman on 30 October 2015

Note (2) : Ms. Wang Jianqiao appointed as executive Director on 30 October 2015

Note (3) : Mr. Yu Wing Keung, Dicky resigned as executive Director on 27 November 2015

Note (4) : Mr. Chow Kin San's service agreement with the Company ceased on 6 August 2015 and ceased to be an executive Director on the same date

Note (5) : Mr. William Robert Majcher appointed as independent non-executive Director on 27 November 2015

Note (6) : Mr. Tse To Chung, Lawrence resigned as independent non-executive Director on 27 November 2015

As stated in the Company's announcement dated 6 August 2015, owing to differences in executive management style among the Board and Mr. Chow Kin San ("**Mr. Chow**"), Mr. Chow has tendered his resignation as an executive director of the Company and any positions of all its subsidiary corporations on 30 June 2015 which shall take effect upon the expiration of six-month notice period. Mr. Chow alleged disagreement with the Board regarding executive management style. The Company has terminated the service agreement with Mr. Chow on 6 August 2015.

In accordance with Regulation 89 of the Company's Constitution, Mr. Tang Chi Loong will retire at the forthcoming Annual General Meeting ("**AGM**"). In addition, Mr. Zhu Jun and Ms. Wang Jianqiao (who were appointed on 30 October 2015) and Mr. William Robert Majcher (who was appointed on 27 November 2015) will hold office until the conclusion of the AGM pursuant to Regulation 88 of the Company's Constitution. All the above retiring Directors, being eligible, shall offer themselves for re-election at the AGM.

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the HK Listing Rules and considers all of the independent non-executive Directors to be independent.

Directors' Service Contracts

Details of Directors' service contract are set out in the Directors' Profile and the Corporate Governance Report of the annual report.

No Directors proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Group within one year without payment of compensation, other than normal statutory obligations.

Arrangements to Enable Directors to Acquire Shares and Debentures

Save as disclosed in this statement, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiary corporations or fellow subsidiary corporations a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Directors' Remuneration

The Directors' remuneration is subject to approval by the Remuneration Committee with reference to Directors' responsibilities and performance and the financial performance of the Group. Details of which are set out in Note 10 to the financial statements.

Directors' Interests in Shares and Debentures

(A) Disclosure under Singapore Law

(i) The following Directors, who held office at the end of the Year, had according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act (Chapter 50) (the "**Companies Act**"), an interest in the shares of the Company and related corporations (other than wholly-owned subsidiary corporations) as set out below:

	Number of ordinary shares			
	Shareholdings registered in name of Director		**Shareholdings in which a Director is deemed to have an interest**	
	At 30.4.2016	At 1.5.2015/ Date of appointment	**At 30.4.2016**	At 1.5.2015/ Date of appointment
The Company				
Zhu Jun	**700,000**	700,000	**126,803,668**	93,723,437
Chow Kin Wa	**–**	2,468,156	**–**	82,983,750
Foo Teck Leong	**–**	17,500	**–**	–
Holding company				
Golden Star Group Limited				
Zhu Jun	**50,000**	50,000	**–**	–

(a) By virtue of Section 7(4) of the Companies Act, the Director, Mr. Zhu Jun, being the legal and beneficial owner of 100% of the issued and paid up capital in Golden Star Group Limited ("**GSGL**") and a Director of GSGL, is deemed to have an interest in the Company and all the related corporations of the Company.

(b) By virtue of Section 7(4) of the Companies Act, the Director, Mr. Chow Kin Wa, being entitled to the 30% shareholding interest in New Page Investments Limited, is deemed to have an interest in the Company and all the related corporations of the Company.

(c) There was no change in any of the above-mentioned interests between the end of the Year and 21 May 2016.

Directors' Interests in Shares and Debentures (Continued)

(A) Disclosure under Singapore Law (Continued)

(ii) By virtue of Section 7(4) of the Companies Act, the following Directors are each deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations, and in the shares held by the Company in the partially-owned subsidiary corporations set out below:

	Ordinary shares			
	Shareholdings registered in name of Director		**Shareholdings in which a Director is deemed to have an interest**	
	At 30.4.2016	At 1.5.2015/ date of appointment	**At 30.4.2016**	At 1.5.2015/ date of appointment
Partially-owned subsidiary corporations				
Novo Steel (HK) Limited				
Chow Kin Wa	–	–	–	HK$510,000
Zhu Jun	–	–	HK$2,550,000 (Note 1)	HK$510,000
EASTERN BULK PTE. LTD. (Note 3)				
Chow Kin Wa	–	–	–	SG$700,000 (Note 2)
Zhu Jun	–	–	–	–
*Novowell ETP Limited**				
Chow Kin Wa	–	–	–	US$19,551,000
Zhu Jun	–	–	US$19,551,000	US$19,551,000
*Qiang Hua (Shanghai) Trading Limited**				
Chow Kin Wa	–	–	–	RMB16,000,000
Zhu Jun	–	–	RMB16,000,000	RMB16,000,000
*Hua Qiang (Shanghai) Trading Limited**				
Chow Kin Wa	–	–	–	RMB4,000,000
Zhu Jun	–	–	RMB4,000,000	RMB4,000,000

Directors' Interests in Shares and Debentures (Continued)

(A) Disclosure under Singapore Law (Continued)

(ii) By virtue of Section 7(4) of the Companies Act, the following Directors are each deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations, and in shares held by the Company in the partially-owned subsidiary corporations set out below: (Continued)

	Ordinary shares			
	Shareholdings registered in name of Director		Shareholdings in which a Director is deemed to have an interest	
	At 30.4.2016	At 1.5.2015/ date of appointment	**At 30.4.2016**	At 1.5.2015/ date of appointment
*TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED**				
Chow Kin Wa	–	–	–	US$4,285,000
Zhu Jun	–	–	US$4,285,000	US$4,285,000
*Guang Dong Yong Peng Import and Export Trading Co., Ltd.**				
Chow Kin Wa	–	–	–	RMB5,100,000
Zhu Jun	–	–	RMB5,100,000	RMB5,100,000
*Taizhou Hua Yong Trading Limited**				
Chow Kin Wa	–	–	–	RMB4,000,000
Zhu Jun	–	–	RMB4,000,000	RMB4,000,000
Novowell Lamination Technology (Taizhou) Limited				
Chow Kin Wa	–	–	–	US$3,694,100
Zhu Jun	–	–	US$4,100,000 (Note 4)	US$4,100,000
*Xing Hua City Daduo Sewage Treatment Co., Ltd.**				
Chow Kin Wa	–	–	–	RMB3,990,000
Zhu Jun	–	–	RMB3,990,000	RMB3,990,000

Directors' Interests in Shares and Debentures (Continued)

(A) Disclosure under Singapore Law (Continued)

(ii) By virtue of Section 7(4) of the Companies Act, the following Directors are each deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations, and in shares held by the Company in the partially-owned subsidiary corporations set out below: (Continued)

* Unofficial English translation

Note 1: Novo Steel (HK) Limited has increased its issued share capital form HK$1,000,000 to HK$5,000,000 during the Year.

Note 2: Oscar Maritime International Ltd., 30% shareholder of EASTERN BULK PTE. LTD. was struck off from the register (the "Struck Off") on 1 January 2014. Before the Struck Off, Novo Shipping Ltd. was 70% shareholder of EASTERN BULK PTE. LTD..

Note 3: EASTERN BULK PTE. LTD. has been struck off from the Register of Companies pursuant to Section 344 of the Companies Act (Chapter 50) of Singapore on 22 September 2015.

Note 4: The Group has increased its shareholding in Novowell Lamination Technology (Taizhou) Limited from 90.1% to 100% on 5 August 2015.

(B) Disclosure under Hong Kong Law

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 April 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571) of the Laws of Hong Kong (the "**SFO**")), which were required to be notified to the Company and the SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the HK Listing Rules or which were required to be entered in the register required to be kept under Section 352 of the SFO were as follows:

			Number of ordinary shares					
Name of Directors	Long/Short position	Capacity	Personal interest	Family interest	Corporate interest	Other interest	Total	Approximate percentage of the issued share capital of the Company (Note 1)
Zhu Jun	Long	Interest in a controlled corporation	700,000	–	126,803,668 (Note 2)	–	127,503,668	74.65

Note 1: As at 30 April 2016, the Company had 170,804,269 ordinary shares in issue.

Note 2: The 126,803,668 ordinary shares are held by Golden Star Group Limited, a holding company of the Company, which is wholly owned by Mr. Zhu Jun, the executive Director and executive chairman of the Company. By virtue of Part XV of the SFO, Mr. Zhu Jun is deemed to be interested in all the shares held by Golden Star Group Limited.

Save as disclosed above, as at 30 April 2016, none of the Company's Directors and chief executives had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

Interests and Short Positions of Substantial Shareholders and Other Persons in the Shares and Underlying Shares of the Company

As at 30 April 2016, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Long/Short position	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Golden Star Group Limited (Note 1)	Long	Beneficial owner	126,803,668	74.24%

Note 1: Golden Star Group Limited is wholly owned by Mr. Zhu Jun, the executive Director and executive Chairman of the Company. By virtue of Part XV of the SFO, Mr. Zhu Jun is deemed to be interested in all the shares held by Golden Star Group Limited.

Save as disclosed above, as at 30 April 2016, no person other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Directors' Interests in Competing Business

During the Year, all Directors declared that they do not have an interests in the businesses, which compete or are likely to compete, directly or indirectly, with the businesses of the Group pursuant to the HK Listing Rules.

Directors' Interests in transactions arrangementS or Contracts and Directors' Contractual Benefits

Details of the related party transactions are set out in Note 4 to the financial statements.

Save as disclosed in the financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiary corporations was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Save for the above, since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the Director or with a firm of which he is a shareholder or with a company in which he has a substantial financial interest.

Connected Transaction

On 28 April 2016, Novo Development Limited and Qiang Hua Trading Limited (indirect wholly-owned subsidiary corporations of the Company) (the "**Sellers**") entered into an equity transfer agreement ("**Equity Transfer Agreement**") with Tianjin Baoyi Metal Manufacturing Co. Ltd.* (the "**Purchaser**"), pursuant to which the Sellers have agreed to sell, and the Purchaser has agreed to acquire, 50% of the equity interest in TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED* (the "**TIANJIN SHIFA**") at a total cash consideration of RMB9.00 million (approximately HK$10.76 million or US$1.38 million) (collectively, the "**Disposal**").

Mr. Song Kai, who holds 60% of the equity interest in the Purchaser, is also a director of TIANJIN SHIFA, which is an indirect non-wholly owned subsidiary of the Company. Therefore, the Purchaser is a connected person of the Group at the subsidiary level and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the HK Listing Rules. None of the Directors has a material interest in the Disposal and they are not required to abstain from voting on the board resolution in connection with the Equity Transfer Agreement. The Board has approved the Equity Transfer Agreement and the transactions contemplated under it. In addition, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Pursuant to Rule 14A.101 of the HK Listing Rules, the Disposal is only subject to the announcement and reporting requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

As at the date of this Statement, the completion did not take place within 15 days from the date of Equity Transfer Agreement as stipulated in the Equity Transfer Agreement. The Sellers and the Purchaser are still in the midst of completing the necessary administrative proceedings to convert TINAJIN SHIFA from sino-foreign joint venture to The People's Republic of China ("PRC") enterprise under the PRC requirement. The Group confirmed that they are in a solid contractual position with the Purchaser to proceed and complete the transaction.

* *Unofficial English translation*

Material acquisition and disposal

On 28 April 2016, Novo Commodities Limited, the vendor (the "**Vendor**"), a wholly-owned subsidiary of the Company, entered into a preliminary sales and purchase agreement (the "**Preliminary SPA**") dated 28 April 2016 with Loong Full Limited (the "**Purchaser**"), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase a property located at Unit 9, 10 and 11 on the 11^{th} Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong (the "**Property**") at the consideration of approximately US$9,010,000 (HK$70,280,000) (collectively, the "**Disposal**").

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and accordingly, is subject to reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the HK Listing Rules. As one of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Disposal constitutes a major transaction under Chapter 10 of the Listing Manual and is conditional upon approval by the Shareholders of the Company pursuant to Rule 1014(2) of the Listing Manual.

On 10 May 2016, the Vendor and the Purchaser have entered into the sale and purchase agreement ("**Formal SPA**") on the same terms and conditions of the Preliminary SPA. The Vendor's solicitor has, on 10 May 2016, received the further deposit of approximately US$901,000 (HK$7,028,000) from the Purchaser.

The Company had applied to the SGX-ST for a waiver of the requirement to seek shareholders' approval for the Disposal with regard to Rule 1014(2) of the Listing Manual. The Company had received the said waiver from the SGX-ST on 6 June 2016.

The Disposal has been completed on 23 June 2016.

Management contracts

During the Year, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

Pre-emptive Rights

The exercise of pre-emptive rights is subject to certain provision under the Company's Constitution.

Share Option

The Group has no share option scheme as at the date of this statement.

Audit Committee

The Audit Committee consists of three members, all are independent non-executive Directors. During the Year and at the date of this statement, the Audit Committee comprises the following members:

Foo Teck Leong *(Chairman)*
Tang Chi Loong
William Robert Majcher (appointed on 27 November 2015)
Tse To Chung, Lawrence (resigned on 27 November 2015)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Companies Act, the Code on Corporate Governance 2012 under the Listing Manual of the SGX-ST (the "**Listing Manual**") and the HK Listing Rules, including the following:

(i) reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditor's evaluation of the adequacy of the Company's and the Group's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

(ii) reviews the annual financial statements of the Company and of the Group before their submission to the Directors of the Company and the external auditor's report thereon;

(iii) reviews the quarterly or half year results announcements as well as the related press release on the financial performance and financial position of the Group before their submission to the Board;

(iv) makes recommendations to the Board on the appointment of external and internal auditors;

(v) reviews interested person transactions as defined in Chapter 9 of the Listing Manual and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company; and

(vi) meets with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee.

The Audit Committee convened four meetings during the Year with full attendance from all members. The Audit Committee has also met with the Company's external auditor, without the presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board the nomination of Messrs Baker Tilly TFW LLP, for re-appointment as independent auditor of the Company at the forthcoming AGM.

Related Party Transactions

The Group has entered into certain related party transactions as disclosed in Note 4 to the financial statements. These related party transactions constitute exempt connected transactions under Chapter 14A of the HK Listing Rules which will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

Internal Controls

The Company is committed to maintaining a sound system of internal controls.

Corporate Governance

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

Events after the reporting period

Details of the significant events after the reporting period of the Group are set out in note 37 to the financial statements.

Independent Auditor

The independent auditor, Messrs Baker Tilly TFW LLP has expressed its willingness to accept re-appointment as independent auditor of the Company. Messrs Baker Tilly TFW LLP will retire and a resolution for their re-appointment as auditor will be proposed at the forthcoming annual general meeting of the Company.

Sufficient Public Float

Based on information that is publicly available to the Company and with the knowledge of the Directors, the Company had maintained sufficient public float of at least 25% of the Company's total issued share capital as at the date of this statement.

On behalf of the Board

Zhu Jun
Director

Chow Kin Wa
Director

30 August 2016

Independent Auditor's Report to the Members of Novo Group Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of NOVO GROUP LTD. (the "Company") and its subsidiaries (the "Group") as set out on pages 62 to 152, which comprise the statements of financial position of the Group and the Company as at 30 April 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Report on the Financial Statements (Continued)

Basis for Qualified Opinion

1. Property, plant and equipment

As disclosed in Note 16 to the financial statements, the Group's property, plant and equipment as at 30 April 2016 amounted to US$63,154,213 (2015: US$73,131,079). Management determined that no impairment is required on the Group's property, plant and equipment as their recoverable amounts exceed the net carrying values as at 30 April 2016.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the reasonableness of the key assumptions and inputs used in the determination of the recoverable amounts of the Group's property, plant and equipment. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Group's property, plant and equipment as at 30 April 2016 are necessary.

This matter was similarly included in the Basis for Disclaimer of Opinion paragraphs in our independent auditor's report on the financial statements for the financial year ended 30 April 2015 where we rendered a disclaimer of opinion on the financial statements.

In addition, a subsidiary, incorporated in The People's Republic of China, did not translate its property, plant and equipment as at 30 April 2016 into the Group's presentation currency using the closing rate at the end of the reporting period as required by FRS 21 *The Effects of Changes in Foreign Exchange Rates*. Had the aforementioned property, plant and equipment been translated in accordance with FRS 21, the Group's property, plant and equipment, currency translation reserve, net assets as at 30 April 2016 would decrease by US$4,207,500 respectively. The currency translation differences arising from consolidation and the total comprehensive loss for the financial year will also decrease by US$4,207,500 and increase by US$4,207,500 respectively.

2. Investments in subsidiaries and amounts due from subsidiaries

As disclosed in Note 18 to the financial statements, the Company's investments in subsidiaries and amounts due from subsidiaries are carried at cost amounting to US$79,463,169 (2015: US$79,460,123) and US$31,496,647 (2015: US$43,968,458) respectively. Management determined that no impairment is required on the Company's investments in subsidiaries and amounts due from subsidiaries as their recoverable amounts exceed the net carrying values as at 30 April 2016.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence about the recoverable amounts of the Company's investments in subsidiaries and amounts due from subsidiaries as at 30 April 2016. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Company's investments in subsidiaries and amounts due from subsidiaries as at 30 April 2016 are necessary.

This matter was similarly included in the Basis for Disclaimer of Opinion paragraphs in our independent auditor's report on the financial statements for the financial year ended 30 April 2015 where we rendered a disclaimer of opinion on the financial statements.

Report on the Financial Statements (Continued)

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 30 April 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Emphasis of Matters

We draw your attention to the following disclosures in the notes to the financial statements:

Going concern

We draw attention to Note 2(a) to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group incurred a net loss from continuing operations of US$16,019,142 (2015: US$20,338,181) and reported net cash outflows from operating activities of US$5,952,764 (2015: US$6,653,336), and the Company incurred net loss of US$1,202,737 (2015: US$810,411). At 30 April 2016, the Group's and the Company's current liabilities exceeded the current assets by US$23,498,828 (2015: US$55,920,042) and US$1,038,299 (2015: US$12,304,327) respectively.

As disclosed in Note 16 to the financial statements, a subsidiary within the tinplate manufacturing segment has suspended its operations since the previous financial year ended 30 April 2015 and yet to resume its operations as of the date of this report. The Group also breached the covenants clauses of certain borrowings and defaulted on the repayment of instalments of certain borrowings on their respective due dates during the financial year as disclosed in Note 23 to the financial statements. Management is in negotiations with the bank on the refinancing of the bank loan amounting to US$15,500,000 as at 30 April 2016. The Group also has several on-going litigations as at 30 April 2016 as disclosed in Note 30(c) to the financial statements.

These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 April 2016 is appropriate after taking into consideration the following factors:

(i) The continuing financial support from the immediate and ultimate holding company to procure the necessary finance and support for a period of not less than twelve months from the date of this report;

(ii) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources to satisfy its working capital requirements and to meet its obligations as and when they fall due; and

Report on the Financial Statements (Continued)

Emphasis of Matters (Continued)

Going concern (Continued)

(iii) As disclosed in Note 37 to the financial statements, subsequent to 30 April 2016:

(a) On 23 June 2016, the Company's wholly-owned subsidiary, Novo Commodities Limited has completed the disposal of a leasehold property in Hong Kong with net carrying value of US$4,888,738 as at 30 April 2016 at the consideration of approximately US$9,010,000 (HK$70,280,000). The expected gain on the disposal of the leasehold property is approximately US$4,121,262; and

(b) On 1 August 2016, the Company has successfully completed the placing of an aggregate of 20,680,000 ordinary shares in the Company at HK$2.32 per ordinary share, with aggregate net proceeds of approximately US$6,008,000 (HK$46,860,000).

The financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in these financial statements.

Disposal group assets classified as held-for-sale

We draw attention that a subsidiary made an advance of US$5,601,568 to a related party during the current financial year and the advance remained outstanding at the date of this report. As disclosed in Note 13 to the financial statements, this subsidiary has been classified as discontinued operations and disposal group classified as held-for-sale as at 30 April 2016. Accordingly, as at 30 April 2016, the outstanding non-trade advance of US$5,601,568 was included in trade and other receivables of the disposal group assets classified as held-for-sale as disclosed in Note 13(iii)(c) to the financial statements.

Our opinion is not further qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries corporations incorporated in Singapore of which we are the independent auditor have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
Singapore

30 August 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 April 2016

	Note	Group 2016 US$	2015 US$ (Restated)
Continuing operations			
Revenue	5	**102,221,367**	225,856,553
Cost of sales		**(100,510,077)**	(228,831,490)
Gross profit/(loss)		**1,711,290**	(2,974,937)
Other income	6	**1,658,233**	2,182,190
Distribution and selling expenses	7	**(1,341,816)**	(4,018,985)
Administrative expenses		**(10,222,166)**	(8,042,192)
Other expenses		**(2,940,619)**	(1,681,755)
Finance costs	8	**(4,936,337)**	(5,671,552)
Loss before tax	9	**(16,071,415)**	(20,207,231)
Income tax credit/(expenses)	11	**52,273**	(130,950)
Loss from continuing operations, net of tax		**(16,019,142)**	(20,338,181)
Discontinued operations			
Loss from discontinued operation, net of tax	13	**(1,512,333)**	(4,408,561)
Loss for the financial year		**(17,531,475)**	(24,746,742)
Loss for the financial year attributable to:			
Equity holders of the Company	14	**(16,173,121)**	(22,103,599)
Non-controlling interests		**(1,358,354)**	(2,643,143)
Loss for the financial year		**(17,531,475)**	(24,746,742)
Loss per share (in US cents)			
From continuing and discontinued operations	15		
Basic		**(9.47)**	(12.94)
Diluted		**(9.47)**	(12.94)
From continuing operations			
Basic		**(9.03)**	(11.65)
Diluted		**(9.03)**	(11.65)
From discontinued operations			
Basic		**(0.44)**	(1.29)
Diluted		**(0.44)**	(1.29)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 April 2016

	Group	
	2016	2015
	US$	US$
		(Restated)
Loss for the financial year	**(17,531,475)**	(24,746,742)
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	**3,232,670**	208,431
Other comprehensive income for the financial year, net of tax	**3,232,670**	208,431
Total comprehensive loss for the financial year	**(14,298,805)**	(24,538,311)
Total comprehensive loss for the financial year attributable to:		
Equity holders of the Company	**(12,825,751)**	(21,922,044)
Non-controlling interests	**(1,473,054)**	(2,616,267)
Total comprehensive loss for the financial year	**(14,298,805)**	(24,538,311)

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 30 April 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		US$	US$ (Restated)	**US$**	US$
Non-current assets					
Property, plant and equipment	16	**63,154,213**	73,131,079	**–**	–
Land use rights	17	**4,196,321**	5,700,716	**–**	–
Goodwill arising on business combinations		**3,971**	3,971	**–**	–
Investments in subsidiaries	18	**–**	–	**110,959,816**	123,428,581
		67,354,505	78,835,766	**110,959,816**	123,428,581
Current assets					
Inventories	19	**874,381**	3,919,925	**–**	–
Derivative financial instruments	20	**–**	10,878	**–**	–
Trade and other receivables	21	**23,358,144**	42,373,639	**13,030**	23,066
Tax recoverable		**76,654**	–	–	–
Cash and cash equivalents	22	**9,778,425**	33,457,736	**20,802**	41,109
		34,087,604	79,762,178	**33,832**	64,175
Property held-for-sale	12	**4,888,738**	–	**–**	–
Disposal group assets classified as held-for-sale	13	**44,371,194**	–	**–**	–
Total current assets		**83,347,536**	79,762,178	**33,832**	64,175
Total assets		**150,702,041**	158,597,944	**110,993,648**	123,492,756
Non-current liabilities					
Borrowings	23	**41,351,068**	5,419,901	**–**	–
Deferred income	24	**425,869**	963,660	**–**	–
		41,776,937	6,383,561	**–**	–
Current liabilities					
Trade and other payables	25	**14,634,157**	63,450,792	**1,072,131**	12,368,502
Borrowings	23	**47,659,718**	71,845,927	**–**	–
Deferred income	24	**327,624**	309,738	**–**	–
Tax payable		**–**	75,763	**–**	–
		62,621,499	135,682,220	**1,072,131**	12,368,502
Liabilities directly associated with disposal group classified as held-for-sale	13	**44,224,865**	–	**–**	–
Total current liabilities		**106,846,364**	135,682,220	**1,072,131**	12,368,502
Total liabilities		**148,623,301**	142,065,781	**1,072,131**	12,368,502
Net assets		**2,078,740**	16,532,163	**109,921,517**	111,124,254

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position (Cont'd)

As at 30 April 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		US$	US$ (Restated)	**US$**	US$
Equity					
Share capital	26	**32,238,531**	32,238,531	**108,739,451**	108,739,451
Accumulated losses		**(38,770,196)**	(22,445,708)	**(1,418,895)**	(216,158)
Foreign currency translation reserve		**4,444,103**	1,439,086	**–**	–
Statutory reserve	27	**33,481**	33,481	**–**	–
Other reserves	28	**2,956,616**	2,831,906	**2,600,961**	2,600,961
Reserve of disposal group classified as held-for-sale	13	**341,957**	–	**–**	–
Total equity attributable to equity holders of the Company		**1,244,492**	14,097,296	**109,921,517**	111,124,254
Non-controlling interests		**834,248**	2,434,867	**–**	–
Total equity		**2,078,740**	16,532,163	**109,921,517**	111,124,254

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 30 April 2016

Group	Share capital US$	Accumulated losses US$	Foreign currency translation reserve US$	Statutory reserve US$	Other reserves US$	Total equity attributable to equity holders of the Company US$	Non-controlling interests US$	Total equity US$
Balance at 1 May 2014	32,238,531	(190,481)	1,257,531	33,481	2,680,278	36,019,340	4,897,134	40,916,474
Transfer to other reserves	–	(151,628)	–	–	151,628	–	–	–
Loss for the financial year	–	(22,103,599)	–	–	–	(22,103,599)	(2,643,143)	(24,746,742)
Other comprehensive income:								
Currency translation differences arising from consolidation	–	–	181,555	–	–	181,555	26,876	208,431
Other comprehensive income for the financial year, net of tax	–	–	181,555	–	–	181,555	26,876	208,431
Total comprehensive (loss)/income for the financial year	–	(22,103,599)	181,555	–	–	(21,922,044)	(2,616,267)	(24,538,311)
Capital injection by a non-controlling interest	–	–	–	–	–	–	154,000	154,000
Balance at 30 April 2015	32,238,531	(22,445,708)	1,439,086	33,481	2,831,906	14,097,296	2,434,867	16,532,163

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

For the financial year ended 30 April 2016

Group	Share capital US$	Accumulated losses US$	Foreign currency translation reserve US$	Statutory reserve US$	Other reserves US$	Reserve of disposal group classified as held-for-sale US$	Total equity attributable to equity holders of the Company US$	Non-controlling interests US$	Total equity US$
Balance at 1 May 2015	32,238,531	(22,445,708)	1,439,086	33,481	2,831,906	–	14,097,296	2,434,867	16,532,163
Transfer to other reserves	–	(124,710)	–	–	124,710	–	–	–	–
Loss for the financial year	–	(16,173,121)	–	–	–	–	(16,173,121)	(1,358,354)	(17,531,475)
Other comprehensive income/(loss):									
Currency translation differences arising from consolidation	–	–	3,347,370	–	–	–	3,347,370	(114,700)	3,232,670
Other comprehensive income/(loss) for the financial year, net of tax	–	–	3,347,370	–	–	–	3,347,370	(114,700)	3,232,670
Total comprehensive (loss)/income for the financial year	–	(16,173,121)	3,347,370	–	–	–	(12,825,751)	(1,473,054)	(14,298,805)
Changes in ownership interests in a subsidiary that do not result in loss of control	–	(26,657)	(396)	–	–	–	(27,053)	(378,847)	(405,900)
Capital injection by a non-controlling interest	–	–	–	–	–	–	–	251,282	251,282
Total transactions with equity holders of the Company	–	(26,657)	(396)	–	–	–	(27,053)	(127,565)	(154,618)
Reserve attributable to disposal group classified as held-for-sale	–	–	(341,957)	–	–	341,957	–	–	–
Balance at 30 April 2016	32,238,531	(38,770,196)	4,444,103	33,481	2,956,616	341,957	1,244,492	834,248	2,078,740

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

For the financial year ended 30 April 2016

Company	Share capital US$	Accumulated profits/(losses) US$	Other reserve US$	Total equity US$
Balance at 1 May 2014	108,739,451	594,253	2,600,961	111,934,665
Loss and total comprehensive loss for the financial year	–	(810,411)	–	(810,411)
Balance at 30 April 2015	108,739,451	(216,158)	2,600,961	111,124,254
Loss and total comprehensive loss for the financial year	–	(1,202,737)	–	(1,202,737)
Balance at 30 April 2016	108,739,451	(1,418,895)	2,600,961	109,921,517

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 April 2016

	Note	Group 2016 US$	Group 2015 US$ (Restated)
Cash flows from operating activities			
Loss before tax from continuing operations		**(16,071,415)**	(20,207,231)
Loss before tax from discontinued operations		**(1,512,333)**	(4,408,561)
Adjustments for:			
Allowance for impairment of other receivables		**–**	2,505,985
Amortisation of deferred income		**(297,730)**	(308,133)
Amortisation of land use rights		**128,385**	133,053
Depreciation of property, plant and equipment		**2,839,735**	3,746,311
Fair value loss/(gain) on derivative financial instruments		**10,878**	(10,878)
Interest expense		**5,621,137**	6,735,627
Interest income		**(390,572)**	(728,358)
Loss on disposal and written off of property, plant and equipment		**4,513**	99,113
Net realised (gain)/loss on derivative financial instruments		**(10,878)**	(139,394)
Waiver of loan from former ultimate holding company		**(641,030)**	–
Written down of inventories		**–**	1,209,067
Written off of receivables		**108,728**	81,353
Operating cash flows before movements in working capital		**(10,210,582)**	(11,292,046)
Inventories		**1,546,130**	11,441,827
Trade and other receivables		**4,400,776**	(3,725,234)
Trade and other payables		**(2,885,302)**	(3,551,101)
Currency translation differences		**882,296**	(222,650)
Cash used in operations		**(6,266,682)**	(7,349,204)
Income tax paid, net		**(76,654)**	(32,490)
Interest income received		**390,572**	728,358
Net cash used in operating activities		**(5,952,764)**	(6,653,336)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (cont'd)

For the financial year ended 30 April 2016

	Note	Group 2016 US$	Group 2015 US$ (Restated)
Cash flows from investing activities			
Net cash received for realised derivative financial instruments		**10,878**	102,366
Proceeds from disposal of property, plant and equipment		**10,351**	2,386
Purchase of property, plant and equipment	A	**(1,808,624)**	(8,515,339)
Reduction of purchases price for land use rights		**–**	346,314
Net cash used in investing activities		**(1,787,395)**	(8,064,273)
Cash flows from financing activities			
Advances/loan from directors (net of repayments)		**389,290**	364,776
Advance from immediate and ultimate holding company		**923,657**	–
Loans from a related party		**–**	150,000
Loans from former immediate and ultimate holding company (net of repayments)		**37,086,973**	4,905,125
Capital injection by non-controlling interests		**251,282**	154,000
Drawdown of long-term bank loan and other borrowings		**–**	13,024,962
Decrease in pledged deposits		**7,168,100**	1,657,714
Interest expenses paid		**(4,397,310)**	(6,735,627)
Net settlement of short-term borrowings and bills payable		**(15,588,944)**	(9,187,260)
Repayment of long-term bank loan and other borrowings		**(9,336,509)**	(1,320,038)
Net cash generated from financing activities		**16,496,539**	3,013,652
Net increase/(decrease) in cash and cash equivalents		**8,756,380**	(11,703,957)
Cash and cash equivalents at beginning of the financial year		**1,074,210**	12,780,247
Effect of currency translation on cash and cash equivalents		**(6,824)**	(2,080)
Cash and cash equivalents at end of the financial year		**9,823,766**	1,074,210

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (cont'd)

For the financial year ended 30 April 2016

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

		Group	
	Note	**2016 US$**	2015 US$ (Restated)
Cash and cash equivalents			
– Continuing operations	22	**9,778,425**	33,457,736
– Discontinued operations	13	**23,114,266**	–
		32,892,691	33,457,736
Less: Pledged fixed deposits			
– Continuing operations	22	**–**	(32,383,526)
– Discontinued operations	13	**(23,068,925)**	–
Cash and cash equivalents per consolidated statement of cash flows		**9,823,766**	1,074,210

		Group	
	Note	**2016 US$**	2015 US$ (Restated)
Note A – Purchase of property, plant and equipment ("**PPE**")			
Aggregate cost of PPE acquired	16	**2,492,032**	3,202,137
Less: Advance payment for PPE at 1 May	21	**(2,542,833)**	(1,310,913)
Add: Advance payment for PPE at 30 April	21	**1,982,733**	2,542,833
Add: Payables for PPE at 1 May	25	**1,642,892**	5,724,174
Less: Payables for PPE at 30 April	25	**(1,766,200)**	(1,642,892)
Net cash outflow for purchase of PPE		**1,808,624**	8,515,339

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 April 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

NOVO GROUP LTD. (the "**Company**") is a limited liability company incorporated in Singapore ("**SG**") on 29 June 1989 under the Singapore Companies Act (Chapter 50) (the "**Companies Act**") and its shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited since 28 April 2008 and dual-listed on the Main Board of The Stock Exchange of Hong Kong Limited since 6 December 2010.

On 5 October 2015, following the completion of the Sale and Purchase Agreement dated 14 August 2015 by Golden Star Group Limited ("**Golden Star**") (a company incorporated in the British Virgin Islands ("**BVI**") with limited liability) and New Page Investments Limited ("**New Page**") (a company incorporated in BVI with limited liability), Golden Star became the Company's immediate and ultimate holding company.

The registered office of the Company is located at 24 Raffles Place, #10-05 Clifford Centre, Singapore. The headquarters and principal place of business of the Group is at Room Nos. 1102-04, 11th Floor, Empire Centre, 68 Mody Road, Kowloon, Hong Kong ("**HK**").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 18.

2 Summary of significant accounting policies

(a) Going concern assumption

The Group incurred a net loss from continuing operations of US$16,019,142 (2015: US$20,338,181) and reported net cash outflows from operating activities of US$5,952,764 (2015: US$6,653,336), and the Company incurred net loss of US$1,202,737 (2015: US$810,411). At 30 April 2016, the Group's and the Company's current liabilities exceeded the current assets by US$23,498,828 (2015: US$55,920,042) and US$1,038,299 (2015: US$12,304,327) respectively.

As disclosed in Note 16, a subsidiary within the tinplate manufacturing segment has suspended its operations since the previous financial year ended 30 April 2015 and yet to resume its operations as of the date when these financial statements were approved for issue by the Board of Directors. The Group also breached the covenants clauses of certain borrowings and defaulted on the repayment of instalments of certain borrowings on their respective due dates during the financial year as disclosed in Note 23. Management is in negotiations with the bank on the refinancing of the bank loan amounting to US$15,500,000 as at 30 April 2016. The Group also has several on-going litigations as at 30 April 2016 as disclosed in Note 30(c).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) GOING CONCERN ASSUMPTION (CONTINUED)

These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the Directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 April 2016 is appropriate after taking into consideration the following factors:

(i) The continuing financial support from the immediate and ultimate holding company to procure the necessary finance and support for a period of not less than twelve months from the date when these financial statements were approved for issue by the Board of Directors;

(ii) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources to satisfy its working capital requirements and to meet its obligations as and when they fall due; and

(iii) As disclosed in Note 37, subsequent to 30 April 2016:

a. On 23 June 2016, the Company's wholly-owned subsidiary, Novo Commodities Limited had completed the disposal of a leasehold property in Hong Kong with net carrying value of US$4,888,738 as at 30 April 2016 at the consideration of approximately US$9,010,000 (HK$70,280,000). The expected gain on the disposal of the leasehold property is approximately US$4,121,262; and

b. On 1 August 2016, the Company has successfully completed the placing of an aggregate of 20,680,000 ordinary shares in the Company at HK$2.32 per ordinary share, with aggregate net proceeds of approximately US$6,008,000 (HK$46,860,000).

(iv) The banking facilities from their bankers for their working capital requirements for the next twelve months will be available as and when required; and

(v) The Group and the Company are able to generate sufficient cash flows from their operations to meet their current and future obligations.

Management has taken the following measures to improve the Group's operational performance and financial position:

(i) Adopting a disciplined capital allocation and constantly review capital expenditure plans thoroughly so to manage a balanced project portfolio to mitigate risks and optimise profitability for all existing projects;

(ii) Strengthening current customers' base with a focus on high growth potential markets in food and beverage sector, and strengthen customer relationship by providing quality products and services and engineering solutions to customers;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) GOING CONCERN ASSUMPTION (CONTINUED)

(iii) Continuously seeking improvements in the production efficiency of the Group's production facilities through technological enhancements and system re-engineering in order to further reduce the costs of production;

(iv) Focusing on cost reduction while exploring all the opportunities to increase the sales volume of trading business and tinplate products, so to achieve operational efficiency by fully utilise the capacity of the tinplate manufacturing plant; and

(v) Enhancing the research and development capabilities with the aims to expand the expertise in tinplate production, improving tinplate quality and bolster manufacturing capabilities by adding high-margin products to the product portfolio.

After considering the measures taken described above, the Group and the Company believe that they have adequate resources and can cut cost to continue their operations as going concerns.

For these reasons, the financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

(B) BASIS OF PREPARATION

The financial statements are presented in United States Dollar ("**USD**" or "**US$**") which is the Company's functional currency, have been prepared in accordance with the provisions of the Companies Act and Singapore Financial Reporting Standards ("**FRS**"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

2 Summary of significant accounting policies (Continued)

(b) Basis of preparation (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 April 2016 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 "Revenue", FRS 11 "Construction contracts" and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

2 Summary of significant accounting policies (Continued)

(c) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of sales related taxes, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Sales of goods

Revenue from sales of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 Summary of significant accounting policies (Continued)

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

2 Summary of significant accounting policies (Continued)

(E) Basis of consolidation (Continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

2 Summary of significant accounting policies (Continued)

(F) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

(G) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is calculated on a straight-line basis to write off the cost of the property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	No. of years
Leasehold land and buildings	20 to 50
Plant and machinery	5 to 35
Furniture, fixtures and computer equipment	3 to 20
Motor vehicles	5
Renovation	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction work-in-progress in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(H) LAND USE RIGHTS

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. Land use rights are amortised on a straight line basis over the remaining years of rights allocated to use the land of 46 to 50 years.

The amortisation period and amortisation method of land use rights are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(J) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase cost on weighted average basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excludes borrowing costs. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) OPERATING LEASES

(i) When a Group entity is the lessee

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(L) INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) INCOME TAXES (CONTINUED)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(M) FINANCIAL ASSETS

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are fair value through profit or loss and loans and receivables.

Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables (excluding prepayments and advance payments)" and "cash and cash equivalents" on the statement of financial position.

2 Summary of significant accounting policies (Continued)

(m) Financial assets (Continued)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) FINANCIAL ASSETS (CONTINUED)

Impairment (Continued)

Loans and receivables (Continued)

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(N) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, unsecured demand deposits and fixed deposits which are subject to an insignificant risk of changes in value and excludes pledged cash at bank and fixed deposits.

(O) FINANCIAL LIABILITIES

Financial liabilities include trade and other payables (excluding sales deposits received) and borrowings on the statements of financial position.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) FINANCIAL GUARANTEES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction cost. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

(Q) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

(R) SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(S) PROVISIONS FOR LIABILITIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2 Summary of significant accounting policies (Continued)

(T) Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group and the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(U) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

(V) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(V) EMPLOYEE BENEFITS (CONTINUED)

Defined contribution plans

The Group participates in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") for its employees in Hong Kong who are eligible to participate in the MPF Scheme, in accordance with the Mandatory Provident Fund Schemes Ordinance. Contributions are made based on percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

For employees in Singapore, defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

The employees in the People's Republic of China (the "**PRC**") are members of the retirement benefit scheme organised by the government in the PRC. The Group is required to contribute, based on a certain percentage of payrolls, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred.

End of service benefit liability

For employees in the United Arab Emirates ("**UAE**"), the Group computes the provision for liability on employees' end of service benefits assuming that all employees were to leave as of the end of the reporting period. These provisions are computed pursuant to the UAE Federal Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of the reporting period.

(W) FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The financial statements of the Group and the Company are presented in USD, which is the Company's functional currency.

2 Summary of significant accounting policies (Continued)

(W) Foreign currencies (Continued)

Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2 Summary of significant accounting policies (Continued)

(X) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the expense that it is intended to compensate.

(Y) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of operating segments.

(Z) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held-for-sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

3 Critical accounting judgments and key sources of estimation uncertainty

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that sales prices and the entities' cost base are mainly denominated and settled in the respective local currency of the entities of the Group except for certain entities incorporated in Singapore and Hong Kong which are mainly denominated and settled in the United States Dollar. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency, other than those entities incorporated in Singapore and Hong Kong, whose functional currency is United States Dollar.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values.

The Group reviews the useful lives and residual values of property, plant and equipment at the end of each reporting period in accordance with the accounting policy in Note 2(g). The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage.

Any changes in the expected useful lives of these assets would affect the carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

The carrying amount of property, plant and equipment at 30 April 2016 and the depreciation charge for the financial year ended 30 April 2016 are disclosed in Note 16.

3 Critical accounting judgments and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment and land use rights in accordance with the accounting policy in Note 2(i). An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These value-in-use calculations require the use of considerable judgments, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amount of the property, plant and equipment and land use rights.

Since the previous financial year ended 30 April 2015, a PRC subsidiary within the tinplate manufacturing segment has suspended its operations and yet to resume its operations as of the date when these financial statements were approved for issue by the Board of Directors. The Group intends to resume the tinplate manufacturing business after restructuring of the existing credit facilities. The property, plant and equipment and land use rights relating to this PRC subsidiary amounted to US$60,817,939 (2015: US$61,195,047).

In view of the above, management carried out a review of the recoverable amount of these property, plant and equipment and land use rights during the financial year. The recoverable amounts of property, plant and equipment and land use rights are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the sales volume, gross profit margin and discount rates. The sales volume and gross profit margin are based on past performances and expectations developments in the market. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to their industry.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a five year-period. Cash flows beyond the five-year period were extrapolated using estimated growth rate of 3%, which does not exceed the average long-term growth rate for the relevant industry. The pre-tax rate used to discount the cash flow forecasts is 18.41%.

Based on management's assessment, no allowance for impairment loss on property, plant and equipment and land use rights is necessary at the end of the reporting period. In addition, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amounts of property, plant and equipment and land use rights to materially exceed its recoverable amounts.

The net carrying values of the Group's property, plant and equipment and land use rights at the end of the reporting period are disclosed in Notes 16 and 17 respectively.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of those investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from these investments and an appropriate discount rate in order to calculate the present value of the future cash flows. The value-in-use calculation requires the use of considerable judgments, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amount of investments in subsidiaries.

Based on management's assessment, no allowance for impairment loss on investments in subsidiaries is necessary at the end of the reporting period.

The carrying amount of the Company's investments in subsidiaries at the end of the reporting period is disclosed in Note 18.

Allowance for doubtful receivables for trade and other receivables

The Group assesses the recoverability of trade and other receivables at the end of each reporting period. Allowance for doubtful debts are required when there are events or changes in circumstances which indicate that the trade and other receivables balances may not be collectible. The identification of doubtful debts requires the use of estimations in assessing the recoverability of the debts based on the past collection trends from each debtor and the ageing of the past due amounts.

Since the Group cannot predict with certainty the collection of the long outstanding debts from the debtors, where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of the Group's and Company's trade and other receivables at the end of the reporting period and allowance for doubtful receivables charged to profit or loss during the financial year are disclosed in Note 21.

4 RELATED PARTY TRANSACTIONS

(a) In addition to information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties, who are not members of the Group, during the financial year on terms agreed by the parties concerned:

		Group	
	Note	**2016 US$**	2015 US$
Office rental expenses paid to a related party	(i)	**114,674**	117,231
Sales of goods to a related party	(ii)	**5,149,557**	16,305,629
Loan interest paid/payable to a director	(iii)	**43,691**	5,159
Loan interest paid to a former director		**3,541**	–
Loan interest paid/payable to a related party	(iii)	**12,600**	3,150
Loan interest paid to former immediate and ultimate holding company	(iii)	**272,867**	75,708
Waiver of loan from former immediate and ultimate holding company		**641,030**	–
Advances to a related party	(iv)	**5,601,749**	3,269,460
Repayment from a related party	(iv)	**3,269,460**	–

(i) Office rental expenses paid to a related party, Jackful Investment Limited, on a fixed fee mutually agreed and charged on monthly basis since 2007. Mr. Yu Wing Keung, Dicky (a former director of the Company) has a substantial interest in the issued share capital of Jackful Investment Limited.

(ii) Sales of goods to a related party related to the trading of tinplate products. The related party refers to a company controlled by an entity having a significant influence on a subsidiary.

(iii) Loan interest paid/payable to a director, former director, related party and former immediate and ultimate holding company are made at normal commercial terms. The related party refers to a company controlled by Mr. Chow Kin Wa (a director of the Company) and Mr. Yu Wing Keung, Dicky (a former director of the Company).

(iv) The non-trade advances to a related party are unsecured and interest-free. The related party refers to a company controlled by an entity having a significant influence on a subsidiary.

Note: Intra-group transactions that have been eliminated in the consolidated financial statements are not disclosed as related party transactions above.

4 Related party transactions (Continued)

(b) Compensation of directors and key management personnel of the Group:

	Group	
	2016	2015
	US$	US$
Directors' fees	**207,958**	91,226
Salaries and bonuses	**1,000,711**	1,359,383
Contributions to defined contribution plans	**26,541**	29,876
	1,235,210	1,480,485
Comprise amounts paid to:		
– Directors of the Company	**702,203**	920,454
– Other key management personnel	**533,007**	560,031
	1,235,210	1,480,485

Further details of the directors' remuneration are included in Note 10.

5 Revenue

	Group	
	2016	2015
	US$	US$
		(Restated)
Sales of goods:		
– Sales of iron ore, coal and steel products	**100,511,885**	193,105,499
– Tinplate manufacturing	**1,709,482**	32,751,054
	102,221,367	225,856,553

6 Other income

	Group	
	2016	2015
	US$	US$
		(Restated)
Amortisation of deferred income	**265,467**	274,748
Interest income	**47,954**	721,452
Demurrage income	**122,555**	131,801
Freight income	**143,281**	272,928
Government grants	**3,987**	401,417
Net compensation received	**–**	145,401
Sundry income	**350,972**	234,443
Waiver of loan from former immediate and ultimate holding company	**641,030**	–
Write-back of inventories written down	**82,987**	–
	1,658,233	2,182,190

7 Distribution and selling expenses

	Group	
	2016	2015
	US$	US$
		(Restated)
Distribution agency fees	**1,218,897**	1,426,161
Freight charges	**75,687**	2,338,921
Port handling charges	**24,258**	43,377
Others	**22,974**	210,526
	1,341,816	4,018,985

8 Finance costs

	Group	
	2016	2015
	US$	US$
		(Restated)
Bank charges	**392,264**	559,291
Interest on bank borrowings	**3,269,739**	4,179,590
Interest on other borrowings	**1,274,334**	932,671
	4,936,337	5,671,552

9 Loss before tax from continuing operations

Loss before tax from continuing operations is determined after charging/(crediting):

	Group	
	2016	2015
	US$	US$
		(Restated)
Audit fees paid to:		
– auditor of the Company	**81,578**	83,474
– other auditors *	**76,201**	133,020
Non-audit fees paid to:		
– auditor of the Company	**17,592**	8,560
– other auditors *	**13,679**	3,628
Allowance for impairment of other receivables	**–**	2,505,985
Amortisation of land use rights	**103,756**	107,568
Depreciation of property, plant and equipment	**2,559,064**	3,353,987
Fair value loss/(gain) on derivative financial instruments	**10,878**	(10,878)
Loss on disposal and written off of property, plant and equipment	**4,513**	99,113
Material costs recognised as an expense in cost of sales	**99,799,600**	214,178,585
Net foreign exchange loss/(gain)	**2,498,899**	(365,238)
Net realised gain on derivative financial instruments	**(10,878)**	(139,394)
Rental expenses	**356,686**	236,014
Staff costs (Note 10)	**4,195,520**	6,508,782
Written down of inventories	**–**	1,209,067
Write off of receivables	**108,728**	81,353

* Includes independent member firms of the Baker Tilly International network.

10 Staff costs

	Group	
	2016	2015
	US$	US$
		(Restated)
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	**3,775,689**	5,989,737
– Contributions to defined contribution plans	**419,831**	519,045
	4,195,520	6,508,782

(A) Fees paid to independent non-executive Directors during the financial year were as follows:

	Group	
	2016	2015
	US$	US$
Tang Chi Loong	**31,045**	33,300
Foo Teck Leong	**32,489**	34,849
Tse To Chung, Lawrence	**13,269**	23,077
William Robert Majcher	**14,530**	–
	91,333	91,226

There were no other emoluments payable to the independent non-executive Directors during the financial years ended 30 April 2016 and 2015.

10 Staff costs (Continued)

(b) Remuneration of executive Directors

	Fees US$	Salaries and benefits in-kind US$	Defined contribution plans US$	Total remuneration US$
Group				
2016				
Wang Jianqiao	**116,625**	**–**	**–**	**116,625**
Yu Wing Keung, Dicky	**–**	**160,000**	**1,538**	**161,538**
Chow Kin Wa	**–**	**192,000**	**2,308**	**194,308**
Chow Kin San	**–**	**137,630**	**769**	**138,399**
	116,625	**489,630**	**4,615**	**610,870**
2015				
Yu Wing Keung, Dicky	–	320,000	2,276	322,276
Chow Kin Wa	–	256,000	2,276	258,276
Chow Kin San	–	246,400	2,276	248,676
	–	822,400	6,828	829,228

There were no arrangements under which a Director waived or agreed to waive any remuneration during the financial years ended 30 April 2016 and 2015.

During the financial years ended 30 April 2016 and 2015, no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10 STAFF COSTS (CONTINUED)

(C) FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the Group for the financial year included three (2015: three) Directors, details of whose remuneration are set out in Note 10(b) above. Details of the remaining two (2015: two) non-directors highest paid employees for the financial year are as follows:

	Group	
	2016	2015
	US$	US$
Salaries and bonus	**312,497**	312,491
Contributions to defined contribution plans	**12,439**	12,438
	324,936	324,929

The numbers of non-director, highest paid employees whose remuneration fell within the following bands are as follows:

	Group	
	2016	2015
Over HKD2,000,000	**–**	–
HKD1,500,001 to below HKD2,000,000	**1**	1
HKD1,000,001 to below HKD1,500,000	**1**	1
HKD500,001 to below HKD1,000,000	**–**	–
	2	2

During the financial years ended 30 April 2016 and 2015, no remuneration was paid by the Group to the five individuals with the highest remuneration in the Group as an inducement to join or upon joining the Group or as a compensation for loss of office.

11 Income tax (credit)/expense

	Group	
	2016	2015
	US$	US$
		(Restated)
Income tax (credit)/expenses attributable to loss is made up of:		
From continuing operations		
(Over)/under provision of current income tax in respect of previous financial years:		
– SG	**5,778**	15,583
– HK	**–**	9,589
– PRC	**(58,051)**	105,778
	(52,273)	130,950

The income tax (credit)/expenses on the results of the financial year differs from the amount of income tax determined by applying the applicable corporate income tax rate due to the following factors:

	Group	
	2016	2015
	US$	US$
		(Restated)
Loss before tax		
– Continuing operations	**(16,071,415)**	(20,207,231)
– Discontinued operations	**(1,512,333)**	(4,408,561)
	(17,583,748)	(24,615,792)
Tax at the domestic rates applicable to profits/(losses) in the countries where the Group operates	**(3,785,170)**	(5,496,234)
Expenses not deductible for tax purposes	**468,058**	603,005
Income not subject to tax	**(83,621)**	(284,489)
Deferred tax assets not recognised	**3,400,733**	5,196,569
(Over)/under provision of current income tax in respect of previous financial years	**(52,273)**	130,950
Utilisation of previously unrecognised tax losses	**–**	(17,495)
Others	**–**	(1,356)
Income tax (credit)/expense	**(52,273)**	130,950

11 Income tax (credit)/expense (Continued)

No provision for Singapore income tax has been made as the Group has no assessable profits for the financial years ended 30 April 2016 and 2015. The statutory Singapore income tax rate is 17% (2015: 17%).

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the financial years ended 30 April 2016 and 2015. The statutory HK income tax rate is 16.50% (2015: 16.50%).

No provision of PRC enterprise income tax has been made as the Group has no assessable profits for the financial years ended 30 April 2016 and 2015. The PRC enterprise income tax rate is 25% (2015: 25%).

Pursuant to the rules and regulations of the BVI and Dubai United Arab Emirates, the Group is not subject to any income tax in these jurisdictions.

Unrecognised deferred tax assets

At the end of the reporting period, the Group has unrecognised tax losses of US$53,626,000 (2015: US$38,875,000) that are available for carry forward to offset against future taxable income of the companies in which the tax losses arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax asset of US$12,003,000 (2015: US$8,603,000) has not been recognised in respect of these tax losses as it is not probable that future taxable profits/income in these companies will be available and sufficient to allow the related tax benefits to be realised in the foreseeable future.

12 Property held-for-sale

	Group	
	2016	2015
	US$	US$
Leasehold property	**4,888,738**	–

On 28 April 2016, Novo Commodities Limited, a wholly-owned subsidiary of the Company entered into a preliminary sale and purchase agreement (the "**Preliminary SPA**") to dispose of the property located at Unit 9, 10 and 11 on the 11th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong (the "**Property**") for a total cash consideration of approximately US$9,010,000. Accordingly, the Property was presented as property held-for-sale in the statements of financial position. This disposal transaction has been completed on 23 June 2016.

At 30 April 2016, the leasehold property is pledged to bank for banking facilities granted (Note 23).

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 28 April 2016, the Group entered into an equity transfer agreement ("**Equity Transfer Agreement**") to sell TIANJIN SHIFA (which previously contributed to the tinplate processing segment of the Group), the entire assets and liabilities relating to TIANJIN SHIFA have been presented as disposal group classified as held-for-sale in the statements of financial position, and the entire financial performance of TIANJIN SHIFA were presented in a single amount separately on the consolidated income statement of the Group as "Discontinued Operations". In addition, the Group has re-presented the financial performance of TIANJIN SHIFA as "Discontinued Operations" for the financial year ended 30 April 2015 and the comparative figures have been restated accordingly.

The completion did not take place within 15 days from the date of Equity Transfer Agreement as stipulated in the Equity Transfer Agreement as at the date when these financial statements were approved for issue by the Board of Directors. The Sellers and the Purchaser are still in the midst of completing the necessary administrative proceedings to convert TIANJIN SHIFA from sino-foreign joint venture to PRC enterprise in order for transferring the ownership of TIANJIN SHIFA from the Sellers to the Purchaser. The Group confirmed that they are in a solid contractual position with the Purchaser to proceed and complete the transaction.

(I) The analysis of the loss from discontinued operations are as follows:

	Group	
	2016	2015
	US$	US$
Revenue	**23,257,881**	22,705,531
Cost of sales	**(23,632,997)**	(22,930,913)
Gross loss	**(375,116)**	(225,382)
Other income	**581,273**	40,291
Distribution and selling expenses	**(204,583)**	(150,091)
Administrative expenses	**(400,460)**	(814,700)
Other expenses	**–**	(1,597,436)
Finance costs	**(1,113,447)**	(1,661,243)
Loss before tax from discontinued operations	**(1,512,333)**	(4,408,561)
Income tax expense	**–**	–
Total loss from discontinued operations	**(1,512,333)**	(4,408,561)

13 Discontinued operations and disposal group classified as held-for-sale (Continued)

(I) The analysis of the loss from discontinued operations are as follows: (Continued)

(a) Revenue

	Group	
	2016	2015
	US$	US$
Sales of goods		
– Tinplate processing	**23,257,881**	22,705,531

(b) Other income

	Group	
	2016	2015
	US$	US$
Amortisation of deferred income	**32,263**	33,385
Interest income	**342,618**	6,906
Government grants	**4,718**	–
Sundry income	**201,674**	–
	581,273	40,291

(c) Distribution and selling expenses

	Group	
	2016	2015
	US$	US$
Freight charges	**204,583**	150,091

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(I) The analysis of the loss from discontinued operations are as follows: (Continued)

(d) Finance costs

	Group	
	2016	2015
	US$	US$
Bank charges	**36,383**	37,877
Interest on bank borrowings	**1,077,064**	1,623,366
	1,113,447	1,661,243

(e) Loss before tax from discontinued operations

Loss before tax from discontinued operations is determined after charging/(crediting):

	Group	
	2016	2015
	US$	US$
Audit fees paid to other auditors*	**31,332**	–
Amortisation of land use rights	**24,629**	25,485
Depreciation of property, plant and equipment	**280,671**	392,324
Material costs recognised as an expense in cost of sales	**23,632,997**	22,930,913
Net foreign exchange loss	**424**	213
Staff costs	**301,727**	447,929
Rental expense	**–**	17,427

* Includes independent member firms of the Baker Tilly International network.

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(II) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2016	2015
	US$	US$
Operating cash flows	**2,622,317**	(5,598,380)
Investing cash flows	**(1,125,837)**	(1,235,437)
Financing cash flows	**(2,520,952)**	3,213,703
Total cash flows	**(1,024,472)**	(3,620,114)

(III) Details of disposal group classified as held-for-sale are as follows:

	Group
	2016
	US$
Property, plant and equipment	**5,164,715**
Land use rights	**1,052,808**
Inventories	**1,499,414**
Trade and other receivables	**13,539,991**
Cash and cash equivalents	**23,114,266**
	44,371,194

(a) included in property, plant and equipment is long leasehold building in Tianjin, the PRC, with net carrying amount of US$2,928,907.

(b) The details of the land use rights at 30 April 2016 are as follows:

Location	**Lease period**	**Land area (square metres)**
Tianjin, the PRC	November 2009 to September 2059	25,000.00

13 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(III) Details of disposal group classified as held-for-sale are as follows: (Continued)

(c) Included in trade and other receivables are trade and non-trade amount owing by a related party amounted to US$5,070,112 and US$5,601,568 respectively. TIANJIN SHIFA made an interest-free advance of US$5,601,568 to a related party during the current financial year and the advance remained outstanding at the date of these financial statements were approved for issue by the Board of Directors. The related party refers to a company controlled by an entity having a significant influence on a subsidiary.

(d) Included in cash and cash equivalents are fixed deposits of US$23,068,925 which have been pledged to banks for bills payable granted.

(IV) Details of liabilities directly associated with disposal group classified as held-for-sale are as follows:

	Group 2016 US$
Trade and other payables	**43,958,737**
Deferred income	**238,910**
Tax payable	**27,218**
	44,224,865

(V) Details of reserve of disposal group classified as held-for-sale are as follows:

	Group 2016 US$
Foreign currency translation reserve	**341,957**

14 LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group's loss for the financial year attributable to equity holders of the Company for the financial year ended 30 April 2016 includes the Company's loss of US$1,202,737 (2015: US$810,411) which has been dealt with in the financial information of the Company.

15 LOSS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

Basic and diluted loss per share is calculated based on the Group's loss for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the financial years ended 30 April 2016 and 2015.

	Group	
	2016	2015
	US$	US$
		(Restated)
Loss for the financial year attributable to equity holders of the Company	**(16,173,121)**	(22,103,599)

	Number of ordinary shares	
	2016	2015
Weighted average number of ordinary shares for basic and diluted loss per share	**170,804,269**	170,804,269

There were no potentially dilutive ordinary shares in existence during the financial years ended 30 April 2016 and 2015 and therefore the diluted loss per share amounts for those years were the same as the basic loss per share.

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data.

	Group	
	2016	2015
	US$	US$
		(Restated)
Loss for the financial year attributable to equity holders of the Company	**(16,173,121)**	(22,103,599)
Loss for the financial year from discontinued operation	**(756,166)**	2,204,281
Loss for the purpose of basic loss per share from continuing operations	**(15,416,955)**	(19,899,318)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

FROM DISCONTINUED OPERATIONS

Basic and diluted loss per share for the discontinued operations is based on the loss for the financial year from discontinued operation of US$756,166 (2015: US$2,204,281) and the denominators detailed above for both basic and diluted loss per share.

16 Property, plant and equipment

Group	Leasehold land and buildings US$	Plant and machinery US$	Furniture, fixtures and computer equipment US$	Motor vehicles US$	Renovation US$	Construction work-in-progress US$	Total US$
2016							
Cost							
At 1.5.2015	16,507,945	56,714,155	712,419	1,088,734	146,803	4,517,775	79,687,831
Additions	28,318	408,941	46,743	–	45,186	1,962,844	2,492,032
Disposals/written off	–	–	(181)	(143,692)	–	–	(143,873)
Reclassified as property held-for-sale	(5,807,561)	–	–	–	–	–	(5,807,561)
Reclassified as held-for-sale	(3,559,209)	(366,152)	(36,122)	(142,078)	–	(1,869,299)	(5,972,860)
Currency translation differences	(571,893)	1,154,112	(30,081)	(38,886)	(1,660)	(348,418)	163,174
At 30.4.2016	6,597,600	57,911,056	692,778	764,078	190,329	4,262,902	70,418,743
Accumulated depreciation							
At 1.5.2015	1,770,480	3,401,996	440,264	818,721	125,291	–	6,556,752
Depreciation charge	584,658	1,970,925	120,650	145,676	17,826	–	2,839,735
Disposals/written off	–	–	(86)	(128,923)	–	–	(129,009)
Reclassified as property held-for-sale	(918,823)	–	–	–	–	–	(918,823)
Reclassified as held-for-sale	(630,303)	(77,517)	(18,884)	(81,441)	–	–	(808,145)
Currency translation differences	(53,361)	(171,169)	(15,147)	(35,122)	(1,181)	–	(275,980)
At 30.4.2016	752,651	5,124,235	526,797	718,911	141,936	–	7,264,530
Net carrying value							
At 30.4.2016	5,844,949	52,786,821	165,981	45,167	48,393	4,262,902	63,154,213

16 Property, plant and equipment (Continued)

Group	Leasehold land and buildings US$	Plant and machinery US$	Furniture, fixtures and computer equipment US$	Motor vehicles US$	Renovation US$	Construction work-in-progress US$	Total US$
2015							
Cost							
At 1.5.2014	18,146,000	52,204,719	449,090	1,083,085	164,296	4,011,519	76,058,709
Additions	671,844	1,192,458	6,858	–	–	1,330,977	3,202,137
Disposals/written off	–	–	(23,123)	–	(17,717)	(72,074)	(112,914)
Reclassification	(2,388,507)	2,879,353	273,898	–	–	(764,744)	–
Currency translation differences	78,608	437,625	5,696	5,649	224	12,097	539,899
At 30.4.2015	16,507,945	56,714,155	712,419	1,088,734	146,803	4,517,775	79,687,831
Accumulated depreciation							
At 1.5.2014	1,153,318	686,720	242,065	602,161	106,197	–	2,790,461
Depreciation charge	612,172	2,698,265	201,049	212,508	22,317	–	3,746,311
Disposals/written off	–	–	(8,058)	–	(3,357)	–	(11,415)
Currency translation differences	4,990	17,011	5,208	4,052	134	–	31,395
At 30.4.2015	1,770,480	3,401,996	440,264	818,721	125,291	–	6,556,752
Net carrying value							
At 30.4.2015	14,737,465	53,312,159	272,155	270,013	21,512	4,517,775	73,131,079

Since the previous financial year ended 30 April 2015, a PRC subsidiary within the tinplate manufacturing segment has suspended its operations and yet to resume its operations as of the date when these financial statements were approved for issue by the Board of Directors. The Group intends to resume the tinplate manufacturing business after restructuring of the existing credit facilities. The property, plant and equipment relating to this PRC subsidiary amounted to US$58,349,167 (2015: US$58,527,696).

16 Property, plant and equipment (Continued)

At the end of the reporting period, property, plant and equipment with the following net carrying values are pledged to certain banks for banking facilities granted (Note 23):

	Group	
	2016	2015
	US$	US$
Leasehold land and buildings	**4,667,119**	11,410,942
Construction work-in-progress	**2,111,457**	1,839,285
Plant and machinery	**53,082,321**	52,987,816
	59,860,897	66,238,043

The analysis of net carrying value of leasehold land and buildings is as follows:

	Group	
	2016	2015
	US$	US$
Long leasehold land and building in HK	**–**	5,019,408
Long leasehold land and building in Shanghai, the PRC	**1,177,830**	1,326,477
Long leasehold buildings in Jiangsu, the PRC	**4,667,119**	5,065,057
Long leasehold building in Tianjin, the PRC	**–**	3,326,523
	5,844,949	14,737,465

17 Land use rights

	Group	
	2016	2015
	US$	US$
Cost		
At 1 May	**6,081,548**	6,378,751
Reclassified to disposal group assets classified as held-for-sale	**(1,210,426)**	–
Reduction of purchase price	**–**	(346,314)
Currency translation differences	**(345,479)**	49,111
At 30 April	**4,525,643**	6,081,548
Accumulated amortisation		
At 1 May	**380,832**	245,450
Amortisation charge	**128,385**	133,053
Reclassified to disposal group assets classified as held-for-sale	**(157,618)**	–
Currency translation differences	**(22,277)**	2,329
At 30 April	**329,322**	380,832
Net carrying value		
At 30 April	**4,196,321**	5,700,716
Amount to be amortised		
– Not later than one financial year	**103,756**	133,054
– Later than one financial year but not later than five financial years	**415,023**	532,216
– Later than five financial years	**3,677,542**	5,035,446
	4,196,321	5,700,716

17 Land use rights (Continued)

The details of the land use rights at 30 April 2016 are as follows:

Location	Lease period	Land area (square metres)
Xinghua City, Jiangsu, the PRC	July 2011 to February 2058	26,669.60
Xinghua City, Jiangsu, the PRC	August 2011 to February 2058	23,288.00
Xinghua City, Jiangsu, the PRC	January 2012 to January 2062	10,019.70
Xinghua City, Jiangsu, the PRC	January 2012 to January 2062	15,655.60
Xinghua City, Jiangsu, the PRC	April 2013 to January 2063	21,673.60
Xinghua City, Jiangsu, the PRC	January 2014 to June 2063	21,677.60
Xinghua City, Jiangsu, the PRC	January 2014 to June 2063	22,534.00
Xinghua City, Jiangsu, the PRC	April 2014 to June 2063	7,998.40
Xinghua City, Jiangsu, the PRC	April 2014 to February 2058	19,632.50

At the end of the reporting period, land use rights with net carrying value of US$3,112,064 (2015: US$3,393,502) are pledged to certain banks for banking facilities granted (Note 23).

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	US$	US$
Unquoted equity shares, at cost		
Balance at beginning of financial year	**79,460,123**	79,460,123
Acquisition of a new subsidiary	**3,046**	–
Balance at end of financial year	**79,463,169**	79,460,123
Amounts due from subsidiaries	**31,496,647**	43,968,458
	110,959,816	123,428,581

Management determined that owing to the nature of the activities of the subsidiaries, the amounts due from subsidiaries are quasi-equity in nature, non-interest bearing and are therefore included in the investments in subsidiaries. The quasi-equity loan have no repayment terms and accordingly, the amounts are stated at cost.

(A) DETAILS OF SUBSIDIARIES ARE AS FOLLOWS:

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2016	2015
				%	%
Held by the Company					
NOVO COMMODITIES LIMITED**	HK	HK$8,000,000	Trading and investment	**100**	100
NOVA MARITIME (B.V.I.) LIMITED#(a)	BVI	US$10	Shipping brokerage	**100**	100
NOVO OVERSEAS HOLDINGS PTE. LTD.*	SG	SG$200,000	Investment holding	**100**	100
NOVO COMMODITIES PTE. LTD.*	SG	SG$200,000	Trading and investment	**100**	100
GLOBAL WEALTH TRADING LIMITED#	BVI	US$10	Investment holding	**100**	100

18 Investments in subsidiaries (Continued)

(a) Details of subsidiaries are as follows: (Continued)

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2016 %	2015 %
Held by the Company (Continued)					
Novo Development Limited#	BVI	US$10	Investment holding	**100**	100
Novo Management Services Limited**	HK	HK$1	Investment holding and provision of management services	**100**	100
NOVO COAL PTE. LTD.*	SG	SG$1	Investment holding	**100**	100
EAST OASIS TRADING LIMITED@@(b)	HK	HK$10	Trading	**100**	100
STAR COSMOS DEVELOPMENTS LIMITED#	BVI	US$5,000	Investment holding	**100**	–
Held by NOVO COMMODITIES LIMITED (HK)					
NOVO COMMODITIES PRIVATE LIMITED@(a)	India	Rupee10,00,000	Trading and investment	**100**	100
Held by GLOBAL WEALTH TRADING LIMITED					
Qiang Hua Trading Limited@@	HK	HK$10	Trading and investment	**100**	100
Held by Novo Development Limited (BVI)					
Novo Development Limited@@	HK	HK$10	Investment holding	**100**	100
Held by Qiang Hua Trading Limited					
Qiang Hua (Shanghai) Trading Limited***^^Δ	The PRC	RMB20,000,000	Trading and investment	**80**	80
Held by Novo Development Limited (HK) & Qiang Hua Trading Limited (HK) (in trust of Novo Development Limited (HK))					
TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED@^^(e)	The PRC	US$8,570,000	Process and sales of steel and metal products	**50**	50

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(A) DETAILS OF SUBSIDIARIES ARE AS FOLLOWS: (CONTINUED)

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2016	2015
				%	%
Held by STAR COSMOS DEVELOPMENTS LIMITED					
Golden Star (HK) Corporate Management Limited**	HK	HK$1,000	Investment holding and provision of management services	**100**	–
GOLDEN STAR CORPORATE MANAGEMENT PTE. LTD.~##	SG	SG$1,000	Business and management consultancy services	**100**	–
Held by NOVO OVERSEAS HOLDINGS PTE. LTD.					
Novosteel DMCC(a)	United Arab Emirates	AED200,000	Trading(g)	**100**	100
Novo Commodities PTE Ltd#	BVI	US$10	Investment holding	**100**	100
Novo Steel Limited#	BVI	US$10	Investment holding	**100**	100
Novo Shipping Ltd#(a)	BVI	US$10	Investment holding	**100**	100
Novo Investment Limited#	BVI	US$10	Investment holding	**100**	100
Novo ETP Limited#	BVI	US$10	Investment holding	**100**	100
Novo Power Limited@@	HK	HK$10	Investment holding	**100**	100
Held by NOVO OVERSEAS HOLDINGS PTE. LTD. & NOVO COAL PTE. LTD.					
PT. NOVO COAL@(b)	Indonesia	US$500,000	Trading	**100**	100
Held by Novo Investment Limited (BVI)					
NOVO INVESTMENT LIMITED**	HK	HK$10,000	Investment holding	**100**	100
Held by NOVO INVESTMENT LIMITED (HK)					
Qingdao Novo Port Investment Logistic Limited@^△(b)	The PRC	RMB6,348,200	Warehousing and wholesaling	**100**	100
Held by Novo Steel Limited (BVI)					
Novo Steel (HK) Limited**(b)	HK	HK$5,000,000	Trading and investment	**51**	51
Held by Novo Shipping Ltd (BVI)					
EASTERN BULK PTE. LTD.(c)	SG	SG$1,000,000	Shipping brokerage	**–**	(d)

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(A) DETAILS OF SUBSIDIARIES ARE AS FOLLOWS: (CONTINUED)

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2016 %	2015 %
Held by Qiang Hua (Shanghai) Trading LimitedΔ					
Hua Qiang (Shanghai) Trading Limited***^^^Δ	The PRC	RMB5,000,000	Trading and investment	**80**	80
Held by Hua Qiang (Shanghai) Trading LimitedΔ					
Taizhou Hua Yong Trading Limited***^^^Δ	The PRC	RMB5,000,000	Trading	**80**	80
Held by Novo ETP Limited (BVI)					
Novo ETP Limited@@	HK	HK$10	Investment holding	**100**	100
Novo Investment and Development Limited@@(b)	HK	HK$10	Investment holding	**100**	100
Novo Lamination Limited@@	HK	HK$10	Investment holding	**100**	100
Wah Shun Storage Limited@@	HK	HK$10	Investment holding	**100**	100
Held by Novo ETP Limited (HK)					
Novowell ETP Limited***^^Δ	The PRC	US$20,580,000	Manufacturing, distribution, import and export, technology consultancy and development	**95**	95
Novowell International Trading (Shanghai) Company Limited***^	The PRC	US$1,000,000	Wholesale, import and export	**100**	100
Held by Wah Shun Storage Limited (HK)					
Xing Hua City Daduo Sewage Treatment Co., Ltd***^^^Δ	The PRC	RMB7,000,000	Sewage Treatment	**57**	57
Wah Shun Storage (Taizhou) Limited***^	The PRC	US$199,990	General storage, property service and corporate management consultancy	**100**	100

18 Investments in subsidiaries (Continued)

(a) Details of subsidiaries are as follows: (Continued)

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2016 %	2015 %
Held by Wah Shun Storage (Taizhou) Limited					
Taizhou Hua Yong Storage Limited[***^^^Δ]	The PRC	RMB40,000,000	General storage, property service and corporate management consultancy	**100**	100
Held by Novo Management Services Limited (HK)					
Novo Commodities Limited[#]	Republic of Seychelles	US$1	Investment holding	**100**	100
Nova Maritime Limited[#(c)]	Republic of Seychelles	US$1	Shipping brokerage	**–**	100
Held by Novo Power Limited (HK)					
Guang Dong Yong Peng Import and Export Trading Co., Ltd[^^Δ]	The PRC	RMB10,000,000	Wholesale, import and export	**51**	51
Held by Novo Lamination Limited (HK)					
Novowell Lamination Technology (Taizhou) Limited[***^(f)]	The PRC	US$4,100,000	Manufacturing, sales and distribution	**100**	90.1

~ not yet appointed first auditor during the financial year
* audited by Baker Tilly TFW LLP
** audited by Baker Tilly Hong Kong Limited
*** audited by Baker Tilly China
@ audited by other Certified Public Accountants
@@ audited by Y.K. Yu & Co
# not required to be audited in the country of incorporation
not require to audit in the year of incorporation
^ registered as a wholly-owned foreign enterprise under the PRC laws
^^ registered as a sino-foreign joint venture under the PRC laws
^^^ registered as a local enterprise under the PRC laws
^^^^ registered as a partially-owned foreign enterprise under the PRC laws
Δ unofficial English translation
(a) in the process of striking off from the register
(b) in the process of deregistration
(c) struck off from the register during the financial year
(d) Oscar Maritime International Ltd., 30% shareholder of EASTERN BULK PTE. LTD. was struck off from the register (the "**Struck Off**") on 1 January 2014. Before the Struck Off, Novo Shipping Ltd. was 70% shareholder of EASTERN BULK PTE. LTD.
(e) during the financial year, the Group has entered into an Equity Transfer Agreement to dispose the investment in TIANJIN SHIFA to Tianjin Baoyi Metal Manufacturing Co. Ltd.. At 30 April 2016, the disposal has not yet been completed
(f) during the financial year, the Group has increased its investment in Novowell Lamination Technology (Taizhou) Limited from 90.1% to 100% and since then Novowell Lamination Technology (Taizhou) Limited has registered as a wholly-owned foreign enterprise under the PRC laws
(g) trading license expiry date on 25 August 2015

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(B) SIGNIFICANT RESTRICTIONS

Cash and cash equivalents of US$25,314,992 (2015: US$32,713,599) are held in The People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

(C) SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST ("**NCI**")

At 30 April 2016, the Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of company	**Principal place of business/Place of incorporation**	**Ownership interests held by NCI**	
		2016	2015
		%	%
Novowell ETP Limited ("**NWETP**")	The PRC	**5**	5
Xing Hua City Daduo Sewage Treatment Co., Ltd. ("**XHDD**")	The PRC	**43**	43

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	NWETP		**XHDD**	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Non-current assets	**56,507,438**	61,195,046	**2,152,345**	2,286,674
Current assets	**28,127,354**	44,693,591	**1,943,247**	1,887,256
Non-current liabilities	**(4,546,777)**	(4,203,000)	**(42,185)**	(579,364)
Current liabilities	**(83,188,633)**	(96,186,419)	**(1,353,915)**	(984,488)
Net (liabilities)/assets	**(3,100,618)**	5,499,218	**2,699,492**	2,610,078
Net (liabilities)/asset attributable to NCI	**(155,031)**	274,961	**1,160,781**	1,122,333

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(C) SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST ("NCI") (CONTINUED)

Summarised Income Statement and Statement of Comprehensive Income

	NWETP		XHDD	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Revenue	**2,168,237**	70,771,015	**–**	–
(Loss)/profit before tax	**(8,007,574)**	(12,462,751)	**232,478**	586,498
Income tax (expenses)/credit	**(20,784)**	118	**–**	–
(Loss)/profit for the financial year	**(8,028,358)**	(12,462,633)	**232,478**	586,498
Other comprehensive (loss)/income for the financial year	**(571,478)**	117,796	**(143,064)**	18,733
Total comprehensive(loss)/income for the financial year	**(8,599,836)**	(12,344,837)	**89,414**	605,231
Total comprehensive (loss)/income for the financial year allocated to NCI	**(429,992)**	(617,242)	**38,448**	260,249
Dividends paid to NCI	**–**	–	**–**	–

Summarised Statement of Cash Flows

	NWETP		XHDD	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Cash flows generated from operating activities	**6,726,594**	13,222,582	**16,368**	1,296,451
Cash flows used in investing activities	**(1,788,655)**	(6,315,273)	**(16,023)**	(1,303,456)
Cash flows used in financing activities	**(5,152,957)**	(10,259,958)	**–**	–
Net (decrease)/increase in cash and cash equivalents	**(215,018)**	(3,352,649)	**345**	(7,005)

18 Investments in subsidiaries (Continued)

(d) Changes in ownership interests in a subsidiary that do not result in loss of control

During the financial year, the Group acquired additional 9.90% equity interest in a subsidiary, Novowell Lamination Technology (Taizhou) Limited ("**Novowell Lamination**") from its non-controlling interest for a consideration of US$405,900 by offsetting the outstanding receivable amount due from this non-controlling interest. Following the acquisition, Novowell Lamination became a wholly-owned subsidiary of the Group. The following summarises the effect of the change in the Group ownership interest in Novowell Lamination on the equity attributable to equity holders of the Company:-

	Group 2016 US$
Consideration paid to a non-controlling interest	**405,900**
Carrying amount of non-controlling interest acquired	**(378,847)**
Decrease in equity attributable to equity holders of the Company	**27,053**

19 Inventories

	Group	
	2016 US$	2015 US$
Raw materials	**412,256**	47,652
Work-in-progress	**290,811**	360,558
Finished goods	**171,314**	3,511,715
	874,381	3,919,925

Raw materials, consumables and changes in finished goods and work-in-progress included as cost of sales amounted to US$123,432,597 (2015: US$237,109,498).

The inventories with net carrying amount of US$188,536 (2015: US$1,050,791) have been pledged as securities for banking facilities granted to Group (Note 23).

The inventories with net carrying amount of US$188,536 (2015: US$Nil) was frozen by People's Court of Xinghua City, Jiangsu Province for the on-going litigations as disclosed in Note 30(c)(i).

During the current financial year, the Group had recognised a reversal of US$82,987 (2015: US$Nil) being part of inventory write down made in prior years, as the inventories were sold above the carrying amounts. The reversal was included in the other income (Note 6).

20 Derivative financial instruments

Foreign currency time option contracts

	Group			
	2016		2015	
	Assets	**Liabilities**	Assets	Liabilities
	US$'000	**US$'000**	US$'000	US$'000
Foreign currency time option contracts	**–**	**–**	10,878	–

There is no foreign currency time option contracts as at 30 April 2016. At 30 April 2015, the Group has the following foreign currency time option contracts denominated in EURO ("EUR"). In 2015, the Group was obligated to convert any amount up to the notional amount at the contracted exchange rate before the maturity date. The major terms of these contracts were as follows:

Notional amount	**Maturity date**	**Conversion to USD with contracted exchange rate**
2015		
EUR446,000	7 August 2015	1.2300

The fair values of foreign currency time option contracts at the end of the reporting period are referenced to the bank statements provided by the counterparty banks. All fair value changes were recognised in profit or loss.

Commodity futures contracts

There is no open commodity futures contracts as at 30 April 2016 and 2015.

21 Trade and other receivables

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Advance payment to suppliers	**6,876,729**	10,329,791	**–**	–
Trade and bills receivables	**5,095,102**	14,789,745	**–**	–
	11,971,831	25,119,536	**–**	–
Deposits	**1,327,296**	567,783	**–**	–
Advance payment for property, plant and equipment	**1,982,733**	2,542,833	**–**	–
Prepayments	**1,472,444**	1,484,178	**13,030**	21,736
Other receivables	**6,603,840**	11,893,954	**–**	1,330
Amount due from a related party	**–**	3,271,340	**–**	–
	11,386,313	19,760,088	**13,030**	23,066
Total gross receivables at 30 April	**23,358,144**	44,879,624	**13,030**	23,066
Less: allowance for impairment of other receivables	**–**	(2,505,985)	**–**	–
	23,358,144	42,373,639	**13,030**	23,066

Included in trade and bill receivables is amount of US$98,287 (2015: US$6,945,009) due from a related party. The receivables from a related party are unsecured, interest-free and repayable on demand. The related party above refers a company controlled by an entity having a significant influence on a subsidiary.

Trade and bills receivables of US$131,076 (2015: US$2,344,551) are pledged to banks for banking facilities granted (Note 23).

A deposit of US$928,980 (2015: US$Nil) was set aside as guarantee deposit by Xinghua City People's Court of Justice and Xinghua City Municipal Finance Bureau for the on-going litigations as disclosed in Note 30(c)(i).

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group conducts settlement by letter of credit and in advance for most international trading and the PRC domestic trading and distribution. Other than that the Group has a policy of allowing customers for domestic trading and distribution in HK with credit terms of normally 30 days after the date of delivery.

The ageing analysis of trade and bills receivables is as follows:

	Group	
	2016	2015
	US$	US$
Current	**55,832**	8,529,141
Less than 1 month past due	**–**	5,361
1 to 3 months past due	**131,076**	1,946,160
3 to 12 months past due	**865,450**	3,514,471
More than 12 months past due	**4,042,744**	794,612
Amount past due but not impaired	**5,039,270**	6,260,604
	5,095,102	14,789,745

The movements in allowance for impairment in respect of other receivables during the year are as follows:

	Group	
	2016	2015
	US$	US$
Balance at beginning of the financial year	**2,505,985**	–
Allowance made	**–**	2,505,985
Written-off	**(2,505,985)**	–
Balance at end of the financial year	**–**	2,505,985

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to receivables that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Subsequent to the end of the reporting period as disclosed in Note 37, the Group entered into the assignment of receivables agreement with New Page, the former immediate and ultimate holding company, pursuant to which the Group agreed to procure certain of its subsidiaries to assign to New Page and New Page has agreed to accept the relevant subsidiaries' rights, title and benefits in and to and arising from the trade and other receivables as at 30 April 2016 in the aggregate amount of US$12,600,521 ("**Proposed Assignment**"). The Proposed Assignment mainly in relation for those receivables which are past due more than 12 months. The Proposed Assignment would in effect eliminate the Group's inherent risk of non-recoverability associated with such amounts and enable the Group to benefit from a better capital structure and reduce its debt obligation. The receivables will be off-set and deducted the outstanding loan owing to New Page and in turn enhance the Group's loan-to-equity ratio.

21 Trade and other receivables (Continued)

The Directors are of the opinion that no allowance for impairment of trade and bills receivables for the above debts which are past due but not impaired is necessary as there was no recent history of significant default in respect of these trade and bills receivables. Trade and bills receivables that were neither past due nor impaired related to a wide range of customers that have a good track record of credit with the Group. In general, the Group does not hold any collateral or other credit enhancements over these balances.

Trade and other receivables denominated in currencies other than the functional currencies of the respective entities are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Chinese Renminbi ("**RMB**")	**149,376**	10,550	**–**	–
Singapore Dollars ("**SGD**")	**2,582**	160,160	**637**	1,329
Hong Kong Dollars ("**HKD**")	**98,084**	19,005	**12,393**	–
EUR	**–**	81,168	**–**	–
Indonesian Rupiah ("**IDR**")	**269**	269	**–**	–
UAE Dirham ("**AED**")	**–**	2,178	**–**	–
	250,311	273,330	**13,030**	1,329

22 Cash and cash equivalents

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Cash on hand and at bank (unpledged portion)	**9,609,410**	991,768	**20,802**	41,109
Cash at margin accounts (non-restricted)	**169,015**	82,442	**–**	–
Fixed deposits (pledged portion)	**–**	32,383,526	**–**	–
	9,778,425	33,457,736	**20,802**	41,109

The cash at bank at the end of the reporting period generally earns interest at rate of 0.001% to 3.25% (2015: 0.001% to 3.25%) per annum.

Cash at margin accounts are deposited with brokerage companies for future derivative contracts and are non-restricted in use at the end of the reporting period.

At 30 April 2015, the fixed deposits mature within range from 88 to 205 days from the end of the reporting period, and have effective interest rates range from 2.8% to 3.3% per annum.

At 30 April 2015, the fixed deposits of US$32,383,526 have been pledged to banks for banking facilities granted (Note 23).

22 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents denominated in currencies other than the functional currencies of the respective entities are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
AED	**945**	–	**–**	–
Australian Dollars	**240**	251	**–**	–
Sterling Pound	**73**	77	**–**	–
RMB	**127,257**	2,164	**–**	–
EUR	**574**	593	**–**	–
HKD	**7,155,276**	64,283	**1,603**	4,110
IDR	**12,892**	8,955	**–**	–
SGD	**28,228**	92,634	**9,500**	27,146
Philippine Peso ("**PHP**")	**362**	385	**–**	–
USD	**2,079,096**	11,798,564	**9,699**	–
	9,404,943	11,967,906	**20,802**	31,256

23 BORROWINGS

	Group	
	2016	2015
	US$	US$
		(Restated)
Non-current liabilities		
Loans from a director	**–**	364,776
Loans from a related party	**–**	150,000
Loans from former immediate and ultimate holding company	**41,351,068**	4,905,125
	41,351,068	5,419,901
Current liabilities		
Bank loan	**15,500,000**	22,750,000
Working capital loans	**20,958,445**	35,512,762
Loans from a director	**112,820**	–
Loans from a related party	**150,000**	–
Other borrowings	**10,938,453**	13,024,962
Mortgage loan	**–**	558,203
	47,659,718	71,845,927
	89,010,786	77,265,828

23 Borrowings (Continued)

Borrowings denominated in currencies other than the functional currencies of the respective entities are as follows:

	Group	
	2016	2015
	US$	US$
USD	**15,500,000**	22,750,000
HKD	**33,785,059**	5,269,901
	49,285,059	28,019,901

The Group's working capital loans, mortgage loan and bills payable (Note 25) are secured by way of:

– Legal pledge on the Group's leasehold land and buildings (Note 16);
– Legal pledge on the Group's fixed deposits (Note 22);
– Pledge of assets (cargo and related proceeds) underlying the financed transactions (Notes 19 and 21);
– 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 land use rights, construction work-in-progress, building and plant and machinery (Notes 17 and 16);
– Share charge on a subsidiary; and
– Floating mortgage.

At the end of the reporting period, the Group has pledged the following assets to banks as securities against banking facilities granted to the Group:

	Group	
	2016	2015
	US$	US$
Leasehold land and buildings (Note 16)	**4,667,119**	11,410,942
Construction work-in-progress (Note 16)	**2,111,457**	1,839,285
Plant and machinery (Note 16)	**53,082,321**	52,987,816
Land use rights (Note 17)	**3,112,064**	3,393,502
Inventories (Note 19)	**188,536**	1,050,791
Trade and bills receivables (Note 21)	**131,076**	2,344,551
Fixed deposits (Note 22)	**–**	32,383,526
Others#	**23,742,211**	28,543,063
	87,034,784	133,953,476

Others consist of a floating charge over the remaining assets of a subsidiary.

23 BORROWINGS (CONTINUED)

The weighted average interest rates at the end of the reporting period are as follows:

	Group	
	2016	2015
	%	%
Bank loan	**5.05**	5.05
Working capital loans	**5.71**	6.53
Mortgage loan	**–**	6.38
Loans from a director	**–**	8.40
Loans from a related party	**8.40**	8.40
Loans from former immediate and ultimate holding company	**8.40**	8.40
Other borrowings	**8.00**	7.32

Loans from a director and a related party are unsecured and repayable within one financial year from the end of the reporting period (2015: not repayable within one financial year from the end of the reporting period).

Loans from former immediate and ultimate holding company are unsecured and repayable on 4 October 2017 (2015: not repayable within one financial year from the end of the reporting period).

Other borrowings comprise import and export credit facility from a strategic partner to facilitate the working capital requirement of the Group. On 18 March 2016, the strategic partner had filed a claim against Novo Commodities Limited for the breach of a repayment agreement signed in June 2015 as disclosed in Note 30(c). In accordance with the repayment agreement, other borrowings were to be repaid in full by 20 December 2015.

The borrowings classified under current liabilities as at 30 April 2016 are repayable within one financial year from the end of the reporting period.

The mortgage loan was repayable in 120 equal monthly instalments commencing from August 2011. The mortgage loan was fully settled during the financial year.

Based on the discounted cash flows method using a discount rate based on market lending rates for similar borrowings which the management expect would be available to the Group at the end of the reporting period, the fair values of the fixed rate non-current borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the interest rates available to the Group. This fair value measurement for disclosures purposes is categorised in Level 3 of the fair value hierarchy.

23 BORROWINGS (CONTINUED)

BREACHED OF LOAN COVENANTS

(i) Bank loan

During the financial year, the Group has breached certain covenants clauses in the loan agreement, including but not limited to the financial condition, financial testing, financial covenants and etc. In addition, the Group has failed to make payments of certain instalments of the bank loan on their respective due dates.

On 25 November 2015, the Group has obtained a waiver letter from the bank. The Group has fulfilled all the conditions as required by the bank on 8 December 2015, including payment of approximately US$9,769,000 (HK$76,200,000) to the bank. By virtue of the provisions contained in the waiver letter, the bank waived the breaches of the covenants clauses under the loan agreement and has executed a deed of release of the guarantee dated 8 December 2015 in favour of the Company.

At the end of the reporting period, the total bank loan outstanding amounting to US$15,500,000 (2015: US$22,750,000) are presented as current liabilities as at 30 April 2016. Management is in negotiations with the bank on the refinancing of the bank loan.

(ii) Working capital loans

The Group's certain working capital loans are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. As at 30 April 2015, a subsidiary breached the financial covenants to maintain the required minimum sales target requirement and maximum Debt-Asset ratio of the said subsidiary.

In addition, the Group also defaulted on the repayment of working capital loans amounting to US$7,854,000 on the respective due dates during the financial year ended 30 April 2015. The balances of these defaulted working capital loans remaining outstanding as at 30 April 2015 amounted to US$6,542,683 and are presented as current liabilities as at 30 April 2015.

During the financial year ended 30 April 2016, the working capital loans of US$6,542,683 were fully settled by the Group.

24 Deferred income

	Group	
	2016 **US$**	2015 US$
Grants-related to assets		
Balance at beginning of the financial year	**1,771,872**	1,792,425
Grants received/(refunded)	**66,206**	(33,169)
Reclassified as held-for-sale	**(351,669)**	–
Currency translation differences	**(75,904)**	12,616
Balance at end of the financial year	**1,410,505**	1,771,872
Less: Accumulated amortisation		
Balance at beginning of the financial year	**498,474**	187,435
Amortisation charge	**297,730**	308,133
Reclassified as held-for-sale	**(112,759)**	–
Currency translation differences	**(26,433)**	2,906
Balance at end of the financial year	**657,012**	498,474
Net carrying value at end of the financial year	**753,493**	1,273,398
Represented by:		
Non-current liabilities	**425,869**	963,660
Current liabilities	**327,624**	309,738
	753,493	1,273,398

24 DEFERRED INCOME (CONTINUED)

Deferred grants represent:

– infrastructure development grant received from Tianjin Economic Technological Development Area ("**TEDA**") Construction Development Bureau to subsidies the set-up costs of a steel processing centre in Tianjin, the PRC. This has been reclassified to disposal group classified as held-for-sale (Note 13(I));

– government grant received from Xinghua City Municipal Finance Bureau and Xinghua City Environmental Protection Bureau for financing a water pollution prevention project in Jiangsu, the PRC;

– cash incentive received from Xinghua City Municipal Finance Bureau for financing the purchase of a piece of land in Jiangsu, the PRC; and

– government grant received from Tianjin Economic and Information Technology Commission and Tianjin Finance Bureau to encourage the technology innovation project in Tianjin, the PRC. This has been reclassified to disposal group classified as held-for-sale (Note 13(I)).

These grants are amortised over the useful lives of the property, plant and equipment and land use rights which it is subsidising (Notes 16 and 17).

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 US$	2015 US$	**2016 US$**	2015 US$
Trade and bills payables	**1,816,720**	4,034,970	**–**	–
Bills payables to banks	**–**	44,763,277	**–**	–
Sales deposits received	**813,961**	2,531,122	**–**	–
Accrued operating expenses	**3,782,444**	4,405,488	**614,117**	120,044
Other payables	**4,889,930**	5,758,941	**90**	95
Other payables for property, plant and equipment	**1,766,200**	1,642,892	**–**	–
Amounts due to director	**641,246**	–	**–**	–
Amounts due to subsidiaries	**–**	–	**433,823**	12,248,363
Amounts due to a non-controlling shareholder	**–**	314,102	**–**	–
Amounts due to immediate and ultimate holding company	**923,656**	–	**24,101**	–
	14,634,157	63,450,792	**1,072,131**	12,368,502

The securities for bills payables to banks are disclosed in Note 23.

The amounts payable to immediate and ultimate holding company, subsidiaries, a non-controlling shareholder and director are non-trade in nature, unsecured, interest-free and repayable on demand.

25 Trade and other payables (Continued)

The ageing analysis of the trade and bills payables and bills payables to banks at the end of the reporting period based on the invoice date is as follows:

	Group	
	2016	2015
	US$	US$
0 to 3 months	**127,221**	8,634,767
3 to 6 months	**–**	2,707,252
6 to 12 months	**–**	29,564,617
More than 12 months	**1,689,499**	7,891,611
	1,816,720	48,798,247

Trade and other payables denominated in currencies other than the functional currencies of the respective entities are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
RMB	**58,232**	46,197	**38,706**	32,562
HKD	**695,987**	253,025	**220,274**	–
IDR	**16,407**	10,366	**–**	–
SGD	**462,868**	112,446	**354,503**	72,310
AED	**4,083**	8,169	**–**	–
USD	**50**	150	**–**	–
EUR	**1,953**	–	**–**	–
INR	**949**	–	**–**	–
	1,240,529	430,353	**613,483**	104,872

26 Share capital

	Group		Company	
	No. of ordinary shares	**US$**	**No. of ordinary shares**	**US$**
Balance at beginning and end of the financial year	**170,804,269**	**32,238,531**	**170,804,269**	**108,739,451**

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.

27 Statutory reserve

The PRC subsidiaries are required to transfer no less than 10% of its net profit to the general reserve fund each year until the reserve reaches 50% of its registered capital. The transfer to this fund must be made before the payment of dividends to shareholders. In the event that the PRC subsidiaries incur accumulated losses, the transfer of this fund can only be made after the PRC subsidiaries' accumulated losses are fully set off against current year net profit.

The general reserve fund can only be used to set off against accumulated losses or to increase the registered capital of the PRC subsidiaries, subject to approval from the relevant PRC authorities.

28 Other reserves – non-distributable

	Group		Company	
	2016 US$	2015 US$	**2016 US$**	2015 US$
Net gain on disposal of treasury shares	**2,600,961**	2,600,961	**2,600,961**	2,600,961
Capital reserve *	**355,655**	230,945	**–**	–
	2,956,616	2,831,906	**2,600,961**	2,600,961

* A subsidiary in the PRC received government grant from Xinghua City Municipal Finance Bureau and Xinghua City Environmental Protection Bureau for financing a water pollution prevention project in Jiangsu, the PRC. The government grant received is part of the PRC government's efforts to support the development of economic and social fields and shall be accounted under the "Provisional Measures for Fiscal and Financial Administration of Subsidy Fund for Fixed Assets Investment in the Central Budget (No. 355 [2005] of the Ministry of Finance, the PRC)". The grant received is non-distributable. The amount transferred to capital reserve is based on the deferred grant attributable to owners of the Company that was amortised to profit or loss during the financial year.

29 Commitments

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2016	2015
	US$	US$
Expenditure for property, plant and equipment contracted for	**8,371,317**	13,348,971

(b) Operating lease commitments

The future aggregate minimum lease payments for office premises under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	2015
	US$	US$
Not later than one financial year	**158,744**	57,814
Later than one financial year but not later than five financial years	**142,926**	332
	301,670	58,146

30 Contingent liabilities

Contingent liabilities not provided for in the financial statements at the end of the reporting period are as follows:

(a) Bills discounted with recourse

	Group	
	2016	2015
	US$	US$
Discounted bills with recourse supported by letter of credit	**254,407**	3,944,907

(b) Guarantees

	Company	
	2016	2015
	US$	US$
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**129,726,400**	326,201,202
Amounts utilised by subsidiaries	**20,958,445**	66,737,639

The Company has issued corporate guarantees to banks for banking facilities granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the term of the facilities drawn.

Subsequent to the end of the reporting period, those corporate guarantees issued by the Company with outstanding amounts utilised by subsidiaries as at 30 April 2016 have been released by the banks upon repayment of the full/partial of the outstanding amounts utilised.

The financial guarantee contracts have not been recognised in the financial statements of the Company, because the Company does not expect to incur material losses under these corporate guarantees.

30 CONTINGENT LIABILITIES (CONTINUED)

(C) CONTINGENT LIABILITIES

Contingent liabilities of which the probability of settlement is not remote at the end of the reporting period, are as follows:

Group

(i) Several contractors/suppliers/employees are making claims against Novowell ETP Limited ("**NWETP**") for outstanding payable sum (including legal fees) totalling approximately RMB12.39 million or US$1.92 million. The total claims (including legal fees) were accrued for under trade and other payables (Note 25). Inventories with net carrying amount of US$188,536 was frozen by People's Court of Xinghua City, Jiangsu District. In addition, a deposit of US$928,980 was set aside as guarantee deposit by Xinghua City People's Court of Justice and Xinghua City Municipal Finance Bureau. These legal cases are currently ongoing.

(ii) On 18 March 2016, Novo Commodities Limited has received a Writ of Summons under an action commenced in the High Court of Hong Kong with respect to the outstanding other borrowings of US$10,938,453 (2015: US$13,024,962) provided by the strategic partner as disclosed in Note 23. The strategic partner claimed against Novo Commodities Limited for the breach of a repayment agreement signed in June 2015, in which the outstanding other borrowings were not repaid in full by 20 December 2015. Accordingly, the strategic partner demand for the repayment of the outstanding other borrowings of US$10,938,453 together with the accrued interests. The accrued interests has been accrued for under accrued operating expenses (Note 25) as at 30 April 2016. The legal case is currently ongoing. The legal adviser advised that there are reasonable grounds of defence but subject to decision by the Court.

The management is of the view that no further provision is necessary for any of the legal cases described above having considered the status of the legal cases and the opinions obtained from the legal advisers.

31 Fair value of assets and liabilities

(A) Fair value hierarchy

The table below analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(B) Fair value measurements of liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for assets and liabilities measured at fair value at the end of the reporting period:

	Level 1	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Recurring fair value measurements				
2015				
Group				
Financial assets				
Derivative financial instruments				
– Foreign currency time option contracts	–	10,878	–	10,878

The fair values of foreign currency time option contracts at the end of the reporting period are referenced to the bank statements provided by the counterparty banks.

(C) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of their respective fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

32 FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Financial assets				
Loans and receivables				
Trade and other receivables	**13,026,238**	28,016,837	**–**	1,330
Cash and cash equivalents	**9,778,425**	33,457,736	**20,802**	41,109
Total loans and receivables	**22,804,663**	61,474,573	**20,802**	42,439
Financial assets at fair value through profit or loss				
Derivative financial instruments	**–**	10,878	**–**	–
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**13,820,196**	60,919,670	**1,072,131**	12,368,502
Borrowings	**89,010,786**	77,265,828	**–**	–
Total financial liabilities at amortised cost	**102,830,982**	138,185,498	**1,072,131**	12,368,502

(B) FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Directors review and agree policies and procedures for the management of these risks, which are executed by the Group Treasury. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

32 Financial instruments (Continued)

(b) Financial risk management (Continued)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with counterparties with appropriate credit history.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of loans and receivables recognised in the statements of financial position and the amount of US$20,958,445 (2015: US$66,737,639) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings, respectively (Note 30(b)).

Based on expectations at the end of the reporting period and subject to the successful negotiation of repayment plan with a bank, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty which are guaranteed suffer credit losses.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions which are regulated and with good credit ratings.

At the end of the reporting period, approximately 30.0% (2015: 85.8%) of the Group's trade and bills receivables were due from 5 major trade receivables.

32 FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Analysis of trade and other receivables at the end of reporting period:

Not past due and not impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Non-trade balances due from subsidiaries and a related party are generally repayable on demand and no impairment loss is anticipated. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions or companies which are regulated and with good credit ratings.

Past due but not impaired

The aged analysis of trade and bills receivables that are past due but not impaired are disclosed in Note 21.

Past due and impaired

There are no financial assets that are past due and impaired at the end of the reporting period except for other receivables amounting to US$Nil (2015: US$2,505,985) which are past due more than one year and impaired as disclosed in Note 21.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by keeping committed credit lines available.

The Group seeks to maintain sufficient liquid financial assets and stand-by credit facilities to manage its liquidity risks.

32 Financial instruments (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	2016				2015			
	Less than 1 year US$	**1 to 5 years US$**	**More than 5 years US$**	**Total US$**	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total US$
Group								
Trade and other payables	**13,820,196**	**–**	**–**	**13,820,196**	60,919,670	–	–	60,919,670
Borrowings	**49,278,550**	**41,592,963**	**–**	**90,871,513**	43,452,781	36,426,085	–	79,878,866
	63,098,746	**41,592,963**	**–**	**104,691,709**	104,372,451	36,426,085	–	140,798,536
Company								
Trade and other payables	**1,072,131**	**–**	**–**	**1,072,131**	12,368,502	–	–	12,368,502
Financial guarantee contracts (Note 30(b))	**20,958,445**	**–**	**–**	**20,958,445**	66,737,639	–	–	66,737,639
	22,030,576	**–**	**–**	**22,030,576**	79,106,141	–	–	79,106,141

At the end of the reporting period, the Company does not consider it is probable that a claim will be made against the Company under the intra-group financial guarantee.

The table below analyses the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groups based on the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

	Group Less than 1 year	
	2016 US$	2015 US$
Unutilised foreign currency time option contracts		
– Receipts	**–**	105,355
– Payments	**–**	(94,477)

32 Financial instruments (Continued)

(b) Financial risk management (Continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group obtains financing through bank loans, trade financing facilities, and loans from a director, a related party, former immediate and ultimate holding company and a strategic partner. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

At the end of the reporting period, the profile of the Group's interest-bearing financial instruments are as follows:

	Group	
	2016	2015
	US$	US$
Fixed rate instruments		
Financial assets	**64,448**	32,383,658
Financial liabilities	**48,306,857**	48,294,674
Variable rate instruments		
Financial assets	**9,078,640**	800,946
Financial liabilities	**6,710,160**	28,971,154

Sensitivity analysis on interest rate risk for financial assets and financial liabilities at variable rate is not presented as a reasonably possible increase/decrease of 50 basis points in interest rates will have no significant impact on the net loss.

The financial assets and financial liabilities of the Company are non-interest bearing.

32 Financial instruments (Continued)

(b) Financial risk management (Continued)

(iv) Foreign currency risk

Foreign currency risk arises from transactions denominated in currencies other than the respective functional currencies of the entities in the Group. Exposure to foreign currency risk is monitored on an on-going basis and management seeks to keep the net exposure to an acceptable level.

To minimise foreign currency risk, the Group conducts the majority of both its purchase and sale transactions in the same currency.

During the financial year, the Group entered into foreign currency contracts with a number of banks to reduce its exposure to currency fluctuations risk. These derivatives are not accounted for under hedge accounting as the Group currently does not have a formal currency hedging policy. However, the management monitors foreign exchange exposure from time to time and will further consider hedging significant foreign currency exposure should the need arise. No (2015: One) foreign currency time option contracts were outstanding as at 30 April 2016.

The Group has foreign currency exposure arising mainly from cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. At the end of the reporting period, US$9,404,943 (2015: US$11,967,906) of the Group's cash and cash equivalents, US$250,311 (2015: US$273,330) of the Group's trade and other receivables, US$1,240,529 (2015: US$430,353) of the Group's trade and other payables and US$49,285,059 (2015: US$28,019,901) of the Group's borrowings are denominated in non-functional currencies.

At the end of the reporting period, US$20,802 (2015: US$31,256) of the Company's cash and cash equivalents, US$13,030 (2015: US$1,329) of the Company's trade and other receivables and US$613,483 (2015: US$104,872) of the Company's trade and other payables are denominated in non-functional currencies.

Sensitivity analysis of the Group's and the Company's foreign currency risk exposure are not presented as a reasonably possible change of 5% in the foreign currencies exchange rates against the respective functional currencies of the Group entities, with all other variables held constant will have no significant impact on the Group's and the Company's net loss.

32 Financial instruments (Continued)

(c) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group discounts bills receivables with recourse to banks and these amounts are presented on net basis on the statements of financial position. The bills receivables are supported by the customers' letters of credits and the Group considered the risk of default by the issuing banks are remote. These amounts are disclosed as contingent liabilities (Note 30(a)).

The Group's receivables and liabilities that are offset are as follows:

Description	**Gross carrying amounts US$**	**Gross amounts offset on the statements of financial position US$**	**Net amounts on the statements of financial position US$**
Group			
2016			
Trade and other receivables	**23,612,551**	**(254,407)**	**23,358,144**
Borrowings – current liabilities	**47,914,125**	**(254,407)**	**47,659,718**
2015			
Trade and other receivables	46,318,546	(3,944,907)	42,373,639
Borrowings – current liabilities	75,790,834	(3,944,907)	71,845,927

33 Capital management

The objective of the Group in managing its capital is to ensure the Group's ability to continue as a going concern and to maximise shareholders' values.

The Group reviews the capital structure from time to time and may make adjustments in light of the changing economic conditions, by adjusting the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowing or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and cash equivalents. Capital represents total equity attributable to equity holders of the Company.

	Group	
	2016	2015
	US$	US$
Borrowings	**89,010,786**	77,265,828
Trade and other payables	**14,634,157**	63,450,792
	103,644,943	140,716,620
Less: Cash and cash equivalents	**(9,778,425)**	(33,457,736)
Net debt	**93,866,518**	107,258,884
Total equity attributable to equity holders of the Company	**1,244,492**	14,097,296
Capital and net debt	**95,111,010**	121,356,180

	2016	2015
	%	%
Gearing ratio	**99**	88

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 April 2016 and 30 April 2015 except for breached of loan covenants as disclosed in Note 23.

34 Segment information

The Group is organised into business units based on its business segments purposes. The reportable segments are trading, tinplate manufacturing and tinplate processing which are described below. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

Trading

Trading and distribution of a comprehensive product portfolio in the areas of:

(i) iron ore;

(ii) coal; and

(iii) steel products which include semi-finished steel products (such as billets and slabs used for producing deformed steel bars), finished steel products (including long products: such as deformed bars, wire rods, tube, section, angle channels; flat products: such as hot rolled coils and cold rolled coils) and others (such as galvanised steel coils and pre-painted galvanised steel coils).

Tinplate manufacturing

Manufacturing and trading of tinning line products, including tinplate, tin-free steel and scraps.

Tinplate processing (discontinued operations)

Processing, distribution and sales of tinplate products through variety types of processing (such as slitting, cutting and printing).

34 Segment information (Continued)

The segment information provided to management for the reportable segments are as follows:

	Continuing operations		Discontinued operations		
	Trading US$	Tinplate manufacturing US$	Tinplate processing US$	Eliminations US$	Total US$
2016					
Segment revenue to					
– sales to external customers	**100,511,885**	**1,709,482**	**23,257,881**	**–**	**125,479,248**
– intersegment sales	**3,000,568**	**1,021,346**	**–**	**(4,021,914)**	**–**
	103,512,453	**2,730,828**	**23,257,881**	**(4,021,914)**	**125,479,248**
Segment results	**1,276,601**	**(907,127)**	**(579,749)**	**–**	**(210,275)**
Other income	**1,345,863**	**312,370**	**581,273**	**–**	**2,239,506**
Other costs	**(7,941,973)**	**(5,220,812)**	**(400,410)**	**–**	**(13,563,195)**
Finance costs	**(1,927,054)**	**(3,009,283)**	**(1,113,447)**	**–**	**(6,049,784)**
Loss before tax	**(7,246,563)**	**(8,824,852)**	**(1,512,333)**	**–**	**(17,583,748)**
Income tax credit/(expense)	**114,384**	**(62,111)**	**–**	**–**	**52,273**
Loss for the financial year	**(7,132,179)**	**(8,886,963)**	**(1,512,333)**	**–**	**(17,531,475)**
Assets and liabilities					
Segment assets	**204,697,477**	**88,771,004**	**44,371,194**	**(187,137,634)**	**150,702,041**
Segment liabilities	**88,906,811**	**113,649,501**	**44,224,865**	**(98,157,876)**	**148,623,301**
Other segment information					
Capital expenditure	**89,752**	**915,198**	**1,487,082**	**–**	**2,492,032**
Depreciation and amortisation	**336,014**	**2,326,806**	**305,300**	**–**	**2,968,120**
Non-cash items other than depreciation and amortisation	**185,122**	**(214,515)**	**(32,263)**	**–**	**(61,656)**

34 SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments are as follows: (Continued)

	Continuing operations		Discontinued operations		
	Trading US$	Tinplate manufacturing US$	Tinplate processing US$	Eliminations US$	Total US$
2015					
Segment revenue to					
– sales to external customers	193,105,499	32,751,054	22,705,531	–	248,562,084
– intersegment sales	56,189,082	38,371,477	–	(94,560,559)	–
	249,294,581	71,122,531	22,705,531	(94,560,559)	248,562,084
Segment results	1,385,471	(5,812,244)	(375,473)	–	(4,802,246)
Other income	906,552	1,275,638	40,291	–	2,222,481
Other costs	(8,039,305)	(4,251,791)	(2,412,136)	–	(14,703,232)
Finance costs	(2,549,906)	(3,121,646)	(1,661,243)	–	(7,332,795)
Loss before tax	(8,297,188)	(11,910,043)	(4,408,561)	–	(24,615,792)
Income tax expense	(43,493)	(87,457)	–	–	(130,950)
Loss for the financial year	(8,340,681)	(11,997,500)	(4,408,561)	–	(24,746,742)
Assets and liabilities					
Segment assets	185,443,681	113,692,746	42,251,442	(182,789,925)	158,597,944
Segment liabilities	70,458,855	129,200,146	45,192,786	(102,786,006)	142,065,781
Other segment information					
Capital expenditure	1,919	3,200,218	–	–	3,202,137
Depreciation and amortisation	367,014	3,094,542	417,808	–	3,879,364
Non-cash items other than depreciation and amortisation	1,881,120	129,182	1,566,204	–	3,576,506

34 SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

The Group's operations are located in three main geographical areas. The turnover by geographical segments are based on the location of customers regardless of where the goods are produced. The following table provides an analysis of the Group's revenue and non-current assets by geographical markets, irrespective of the origin of the goods and services.

	Sales to external customers		**Non-current assets**	
	2016 US$	2015 US$	**2016 US$**	2015 US$
PRC	**114,629,583**	216,025,725	**67,353,584**	78,833,126
Thailand	**1,091,951**	7,989,172	**–**	–
Brazil	**9,053,745**	–	**–**	–
Philippines	**359,808**	6,124,714	**–**	–
Malaysia	**201,686**	2,637,589	**–**	–
Singapore	**32,353**	1,305,108	**–**	–
Italy	**–**	6,495,997	**–**	–
United States of America	**–**	1,031,621	**–**	–
Australia	**–**	5,872,355	**–**	–
Others	**110,122**	1,079,803	**921**	2,640
	125,479,248	248,562,084	**67,354,505**	78,835,766

Non-current asset information presented above are non-current assets as presented on the statements of financial position.

34 Segment information (Continued)

Information about major customer

Revenue of approximately US$56,133,732 (2015: US$107,051,604) are derived from 4 (2015: 3) major external customers who individually contributed 10% or more of the Group's revenue, and are attributable to the trading segment (2015: trading segment).

	Group
	US$
2016	
Customer 1	**19,698,157**
Customer 2	**13,848,236**
Customer 3	**12,209,998**
Customer 4	**10,377,341**
	56,133,732

	Group
	US$
2015	
Customer 1	38,441,371
Customer 2	38,349,296
Customer 3	30,260,937
	107,051,604

35 Reconciliation between FRSs and International Financial Reporting Standards ("**IFRSs**")

For the financial years ended 30 April 2016 and 2015, there were no material differences between statements of financial position and statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group prepared under FRSs and IFRSs.

36 Comparative figures

As disclosed in Note 23, the other borrowings from the strategic partner were to be repaid in full by 20 December 2015 based on the repayment agreement signed in June 2015. Therefore, the other borrowings should be classified under current liabilities as at 30 April 2015. The comparative figures have been restated as follows:

	Group		
	As previously reported	Reclassification	As restated
	US$	US$	US$
2015			
Statements of Financial Position			
Borrowings under non-current liabilities	18,444,863	(13,024,962)	5,419,901
Borrowings under current liabilities	58,820,965	13,024,962	71,845,927

The reclassification has no impact on the consolidated financial statements of the Group at the beginning of the earliest comparative period, therefore statement of financial position as at 1 May 2014 is not presented. In addition, the reclassification did not have any effect on cash flows or net loss for the previous financial year.

37 SUBSEQUENT EVENTS

(i) On 28 April 2016, the Company announced that a wholly-owned subsidiary, Novo Commodities Limited had entered into a preliminary sale and purchase agreement with Loong Full Limited (the "Purchaser") in respect of the proposed disposal of Unit 9, 10 and 11 on the 11th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road, Central, Hong Kong (the "Property") with net carrying value of US$4,888,738 as at 30 April 2016 at the consideration of approximately US$9,010,000 (HK$70,280,000). The expected gain on the disposal of the Property is approximately US$4,121,262. The proposed disposal of the Property completed on 23 June 2016.

(ii) On 10 June 2016, Novowell Lamination, an indirect wholly-owned subsidiary of the Company has reduced its registered capital from US$4,100,000 to US$2,030,000 and total investment from US$8,200,000 to US$2,800,000.

(iii) On 5 July 2016, the Company and Fortune (HK) Securities Limited (the "Placing Agent") entered into a placing agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best endeavour basis, Placees to subscribe for up to 34,160,000 Placing Shares (which represents approximately 20.00% of the existing issued shares of the Company as at the end of the reporting period) at the Placing Price of HK$2.32 per Placing Share.

On 25 July 2016, as advised by the Placing Agent, the Placing was under-subscribed by 13,480,000 Placing Shares. An aggregate of 20,680,000 Placing Shares were placed to not less than six Placees at the Placing Price of HK$2.32 per Placing Share.

On 1 August 2016, the Company has successfully completed the placing of an aggregate of 20,680,000 ordinary shares in the Company at HK$2.32 per ordinary share, with aggregate net proceeds of approximately US$6,008,000 (HK$46,860,000), which will be utilised for the purpose of funding potential business expansion or development when opportunities arise. Alternatively, the Company may use the net proceeds from the Placing for general working capital purposes.

(iv) On 21 July 2016, the Company announced that the Board propose to change the English name of the Company from "Novo Group Ltd." to "Yorkshine Holdings Limited" which the Board believes that the new name will provide the Group with better identification of the principal business of the Group and a fresh corporate image lines with the renewed branding strategies of the Group. The proposed change of company name is pending for shareholders' approval by a way of special resolution at an Extraordinary General Meeting of the Company.

(v) On 26 August 2016, the Group entered into the assignment of receivables agreement with New Page, the former immediate and ultimate holding company, pursuant to which the Group agreed to procure certain of its subsidiaries to assign to New Page and New Page has agreed to accept the relevant subsidiaries' rights, title and benefits in and to and arising from the trade and other receivables as at 30 April 2016 in the aggregate amount of US$12,600,521. The Proposed Assignment would in effect eliminate the Group's inherent risk of non-recoverability associated with such amounts and enable the Group to benefit from a better capital structure and reduce its debt obligation. The receivables will be off-set and deducted the outstanding loan owing to New Page and in turn enhance the Group's loan-to-equity ratio. The Proposed Assignment is subject to shareholders' approval in an Extraordinary General Meeting.

38 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated 30 August 2016.

Five-Year Summary

A smuuary of the result, assets and liabilities and non-controlling interests of the Group for the last five year ended 30 April, as extracted from the published audited financial statements is set out below.

Results

	2012 US$'000	2013 US$'000	2014 US$'000	2015 US$'000 (Restated)	**2016** **US$'000**
Revenue	327,819	284,203	272,998	225,857	**102,221**
Loss attributable to equity holders of the Company	(1,876)	(5,578)	(13,273)	(22,104)	**(16,173)**
Loss per share (in US cents)	(1.10)	(3.27)	(7.77)	(12.94)	**(9.47)**

Assets and Liabilities

	2012 US$'000	2013 US$'000	2014 US$'000	2015 US$'000 (Restated)	**2016** **US$'000**
Non-current assets	20,366	49,747	79,405	78,836	**67,354**
Current assets	83,445	98,975	103,396	79,762	**83,348**
Total assets	103,811	148,722	182,801	158,598	**150,702**
Total liabilities	(45,427)	(96,964)	(141,885)	(142,066)	**(148,623)**
Non-controlling interest	(1,465)	(1,542)	(4,897)	(2,435)	**(834)**
Total equity attributable to equity holders of the Company	56,919	50,216	36,019	14,097	**1,245**

Statistics of Shareholding

SHAREHOLDING STATISTICS AS AT 16 AUGUST 2016

Issued and fully paid	:	S$163,192,179.92
Number of shares with voting rights	:	191,484,269
Number of Treasury Shares held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 August 2016, approximately 33.1% of the issued ordinary shares ("**Shares**") of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited were complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1,138	69.65	15,868	0.01
100 – 1,000	174	10.65	47,485	0.02
1,001 – 10,000	208	12.73	932,755	0.49
10,001 – 1,000,000	112	6.85	4,724,593	2.47
1,000,001 AND ABOVE	2	0.12	185,763,568	97.01
Total	1,634	100.00	191,484,269	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HKSCC NOMINEES LIMITED	173,676,637	90.70
2	GOLDEN STAR GROUP LIMITED	12,086,931	6.31
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	335,500	0.18
4	NGAN FAI WONG	300,000	0.16
5	RAFFLES NOMINEES (PTE) LIMITED	256,111	0.13
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	250,062	0.13
7	UOB KAY HIAN PRIVATE LIMITED	248,299	0.13
8	PHUAY YONG HEN	187,500	0.10
9	LE NGOC MY	173,250	0.09
10	CITIBANK NOMINEES SINGAPORE PTE LTD	160,074	0.08
11	CHYE HIN HARDWARE PTE LTD	125,000	0.07
12	TAY CHIN KONG STEVEN	125,000	0.07
13	SOHN YANG YOUNG	123,750	0.06
14	TAY AH KIANG	116,000	0.06
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	114,762	0.06
16	WONG HOCK TICK TONY OR GOH BAN HONG ELAINE	110,016	0.06
17	ANG DE YU	87,000	0.05
18	LAU KIT CHING	60,500	0.03
19	TEY SIOK LEE	60,000	0.03
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	59,905	0.03
	Total	188,656,297	98.53

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Zhu Jun[(1)]	700,000	0.37	126,803,668	66.22
Golden Star Group Limited[(1)]	126,803,668	66.22	0	0.00

Notes:

(1) Zhu Jun is deemed to be interested in 126,803,668 Shares held by Golden Star Group Limited ("**GS**") as he is the legal and beneficial owner of 100% of the issued and paid up capital in GS, and a director of GS. Zhu Jun and GS held their Shares directly and through their nominee securities accounts.

Corporate Information

Board of Directors

Executive Directors

Mr. Zhu Jun *(executive Chairman)*
Mr. Chow Kin Wa *(Chief Executive Officer)*
Ms. Wang Jianqiao

Independent non-executive Directors

Mr. Tang Chi Loong
Mr. Foo Teck Leong
Mr. William Robert Majcher

Audit Committee

Mr. Foo Teck Leong *(chairman)*
Mr. Tang Chi Loong
Mr. William Robert Majcher

Nominating Committee

Mr. Zhu Jun *(chairman)*
Mr. Tang Chi Loong
Mr. Foo Teck Leong
Mr. William Robert Majcher

Remuneration Committee

Mr. Tang Chi Loong *(chairman)*
Mr. Zhu Jun
Mr. Foo Teck Leong
Mr. William Robert Majcher

Company Secretaries

Mr. Srikanth Rayaprolu
Ms. Lau Jeanie

Authorised Representatives

Mr. Zhu Jun
Ms. Lau Jeanie

Stock Code

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

www.novogroupltd.com

Registered Office

24 Raffles Place
#10-05 Clifford Centre
Singapore 048621
Tel: (65) 6323 2213
Fax: (65) 6323 2667

Headquarters and Principal Place of Business in Hong Kong

Room Nos. 1102-4 on 11/F., Empire Centre
68 Mody Road, Kowloon, Hong Kong
Tel: (852) 3708 1888
Fax: (852) 3708 1899

Principal Share Registrar and Transfer Office in Singapore

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Branch Share Registrar and Transfer Office in Hong Kong

Boardroom Share Registrars (HK) Limited
31/F., 148 Electric Road, North Point, Hong Kong

Independent Auditor

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-Charge: Lim Kok Heng
(Appointed since the year ended 30 April 2014)

Principal Bankers

(Listed in alphabetical order)
BNP Paribas, Hong Kong Branch
China CITIC Bank Corporation Limited, Taizhou Branch
China CITIC Bank Corporation Limited, Xinghua Sub-Branch
China CITIC Bank International Limited
Jiangsu Xinghua Rural Commercial Bank Co. Ltd., Daduo Sub-Branch
Shanghai Pudong Development Bank Co. Ltd., Tianjin Branch
Wei Hai City Commercial Bank, Tianjin He Xi Sub-Branch