

YORKSHINE HOLDINGS LIMITED

焯新控股有限公司*

(Incorporated in Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048

Singapore Stock Code: MR8

ANNUAL REPORT 2019



**For identification purpose only*

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CORPORATE PROFILE

YORKSHINE GROUP has been a tinplate manufacturer and supplier as well as a global bulk commodities (iron ore, coal and steel products) trading and distribution company.

YORKSHINE HOLDINGS LIMITED has been listed on the Main Board of the Singapore Exchange Securities Trading Limited since 2008 and dual-listed on the Main Board of The Stock Exchange of Hong Kong Limited since 2010 (Singapore Stock Code: MR8; Hong Kong Stock Code: 1048).



YORKSHINE is headquartered in Hong Kong with subsidiaries and branch offices located in different countries.



CORPORATE PROFILE

The Company's core business operation entity is Yorkshine New Material (Taizhou) Limited 新煜新材料(泰州)有限公司 ("Taizhou Plant"), a Sino-Foreign Joint Venture Company with paid-up capital of US\$20.58 million whose principal business is manufacturing and sale of tinplate products. The Company's Taizhou Factory is located at Daduo Industrial Zone, Daduo Town, Xinghua City, Taizhou, Jiangsu 江蘇省泰州市興化市大垛鎮大垛工業區 which has a current site area of approximately 120,000 square meters. The phase 1 renovation was completed on 28 October 2017 with a current maximum manufacturing capacity of 150,000 tonnes per annum.



CORPORATE PROFILE

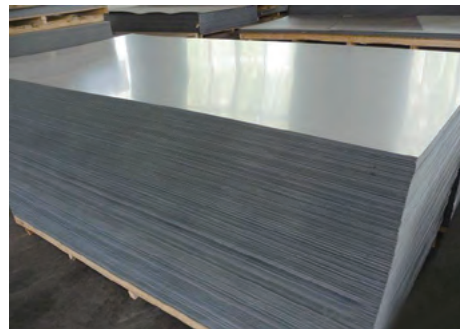
The Group is fully dedicated to the manufacturing of metal packaging material, tinplate, and related businesses, i.e. the Tinplate Manufacturing Business. The Group aims to be a leading supplier of tinplate products in the People's Republic of China ("PRC") and eventually globally.

Tin is a non-toxic element widely used in coating of steel sheet products, i.e. food cans, to increase the preservation of nutrition and flavour of food, and to reduce oxidation of food. Tin also has a metallic lustre that provides an aesthetic look for tinplate containers. It also has excellent properties in corrosion resistivity and high weldability. Tinplate products can also be easily recycled and hence demand has been growing to replace non-degradable packaging products. Tinplate's special characteristics have made it the premier product of choice for the metal packaging industry.

Finished product: Tinplate coil



Finished product: Tinplate sheet



Tinplate is currently used for making all types of containers such as food cans, beverage cans, 18-liter cans and artistic cans. Its applications are not limited to containers. Recently, tinplate has also been used for making electrical machinery parts and many other products.

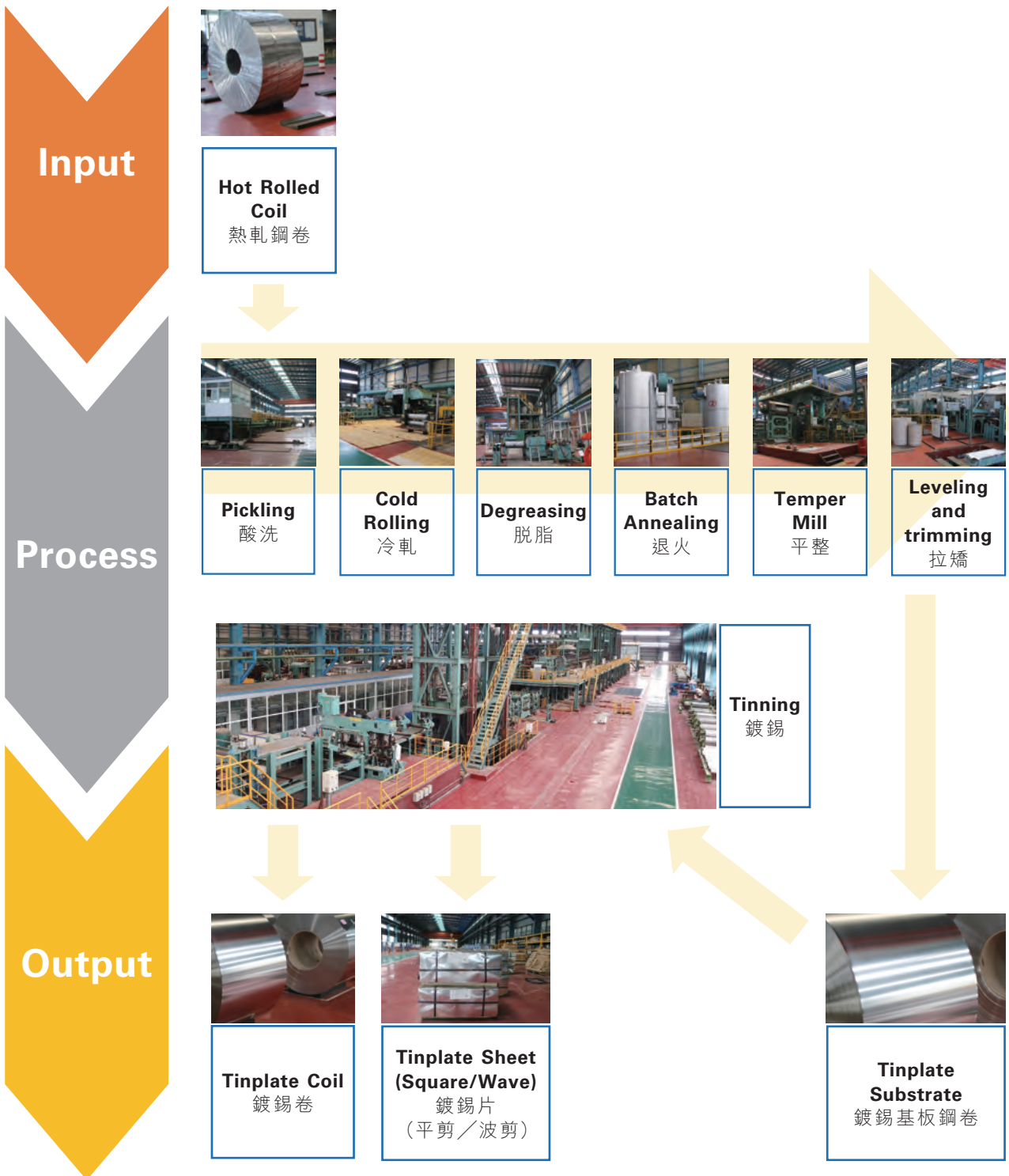


The Group is also developing new potential product lines and continually optimising existing product lines to satisfy the unique needs of various existing and potential customers.

CORPORATE PROFILE

TINPLATE MANUFACTURING FLOW

The Group's current production lines mainly include cold rolling, degreasing, annealing, tempering, leveling and tinning. A 3-year sewage disposal license was granted on 18 December 2018 by the Taizhou City Environmental Protection Bureau which enabled the Group to expand its value chain with a critical cost reduction process – the pickling of hot rolled coils. Can manufacturing and the laminated steel production line are currently under construction and are yet to be put into production.



FINANCIAL SUMMARY

	Year ended 30 April	
	2019 US\$' million	2018 US\$' million
Revenue	16.4	–
Other income	37.7	12.1
Profit/(loss) attributed to the equity holders of the Company	24.5	(12.2)
<hr/>		
Earnings/(loss) per share (in US\$ cents)	12.79	(6.38)
<hr/>		
	As at 30 April	
	2019 US\$' million	2018 US\$' million
Total assets	52.0	58.9
Total liabilities	39.5	68.4
Net assets/(liabilities)	12.4	(9.6)
Total borrowings	22.5	52.0

CHAIRMAN'S STATEMENT



“涅槃妙心” is a Chinese phrase pronounced as Nie-Pan-Miao-Xin in Putonghua pinyin and literally means that the immortality in the depth of one's soul with the true heart! The road after the reborn of the fire bird may not necessarily be flat and grand. However, I believe as long as we can hold on with the strongest passion, it can surely overcome and be able to turn.

Dear Shareholders,

After more than two years dedicated but toughest effort in Taizhou, gone through the stiffly cold winter and the furious hot summer with the team in Taizhou, the Taizhou Plant was finally revitalised with new opportunities and landscape. Approximately 23,000 tonnes of tinplate products were delivered and US\$16.4 million revenue has been generated in financial year 2019.

The current financial year which ended on 30 April 2019 (“FY2019” or the “Year”) has marked our Company's significant transition from restructuring, rebuilding and consolidation to the successful path of revitalisation. We now seek to take further initiatives to strengthen our balance sheet, move into positive cash flow and profitability in the immediate years ahead and to enhance shareholders' interests.

During the Year, I acquired two of the inactive, loss-making and net liabilities subsidiaries bearing Novo brand (the “Novo subsidiaries”) for the interest of the Company and the shareholders at nominal consideration of US\$100. Total liabilities taken out from the Group's statement of financial position amounted to US\$37.0 million, of which US\$29.4 million were due to New Page Investments Limited, the former immediate and ultimate holding company and US\$5.4 million owing to Minmetals, Inc., the strategic partner of the Novo subsidiaries managed by the former CEO who was removed in January 2018. As a result, the financial position of the Group significantly improved and a gain of US\$37.0 million was recorded from the disposal of the Novo subsidiaries.

As the proverb says, “Prosperous Year comes after the Heavy Snows”. The Group has indeed gone through an extremely drastic period of time. Hopefully, “God Rewards Hard Work for a Brighter Future”. Yorkshine will be leaner and more resilient in its improving financial results.

Together with the support of the Taizhou Xinghua City Municipal People's Government, the Board of Directors will proactively attend to the development of the new materials industry, firmly grasp the economic development opportunities driven by consumption and the continuous development in China. Under various national measures of economic reform and national initiatives, we will continue to explore new methods, new thoughts, and new ways, so as to create new profit models to enhance the Group's competitiveness, profitability and sustainability.

CHAIRMAN'S STATEMENT

Venturing into the new financial year, the industry anticipates a year with both challenges and opportunities ahead. The global economy is full of uncertainties. However, underpinned by our products, people and technology, we are positioned to capture emerging growth opportunities. Both the Board and management are committed to moving expeditiously to deliver our plans and the Group's potential to enhance shareholders' value.

Regarding the resumption of the trading of the Company's shares on both The Stock Exchange of Hong Kong Limited and Singapore Exchange Securities Trading Limited, please refer to the Directors' Statement in this annual report on page 46.

I would like to take this opportunity to welcome our new Board member, Mr. Lei Yonghua. Mr. Lei became an executive Director of the Company with effect from 21 March 2019. He brings with him solid industry experience in tinplate in Mainland China and is eager to contribute to the Company's development in the years ahead. He also adds diversity to the Board in terms of industry expertise and age.

On behalf of my fellow Board members, I wish to thank our valued shareholders, customers and business partners for their continued trust and unwavering support. Appreciation must also be extended to each and every one of our employees for their hard work and dedication throughout the Year.

Zhu Jun

Executive Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 30 April 2019, the Group was principally engaged in manufacturing, sales and distribution of tinplate and related products for metal packaging industry ("**Tinplate Manufacturing business**") in the PRC while the trading and distribution business has been suspended since the beginning of the financial year ended 30 April 2018 ("**FY2018**").

FINANCIAL REVIEW

PERFORMANCE

Revenue and Gross Loss

The Tinplate Manufacturing business was suspended during the financial year ended 30 April 2015. It has undergone revitalization and has resumed its operation in May 2018 and generated approximately US\$16.4 million (FY2018: Nil) sales revenue for the Year. The gross loss of US\$4.1 million, representing 24.7% to the sales revenue was due to the Tinplate Manufacturing business was at the early resumed stage. The plant and machinery has been going through trial testing. The sales volume is coping up to the breakeven point stage by stage.

Other Income

Other income for the Year was US\$37.7 million (FY2018: US\$12.1 million), mainly comprised of a one-time gain of US\$37.1 million from the disposal of subsidiaries during FY2019. The Group will continue to streamline its corporate structure to enhance the financial position for the interests of the shareholders. Other income for FY2018 comprised of (i) a one-time gain of US\$10.4 million resulted from the assignment of a loan obligation and (ii) the reversal of provision on litigation settlement which was no longer necessary of US\$1.3 million.

Administrative Expenses

Administrative expenses for the Year was US\$6.5 million (FY2018: US\$8.3 million), a reduction of US\$1.8 million.

The Group has been cautious in keeping the administrative expenses stable and under control. Upon the resumption of Tinplate Manufacturing business, expenses incurred in manufacturing process were included in cost of sales, i.e. depreciation of property, plant and equipment ("**PPE**") and salaries resulted a reduction in administrative expenses.

Other Expenses

Other expenses for the Year was US\$1.5 million (FY2018: US\$1.7 million).

Finance Costs

Finance costs for the Year was US\$1.4 million (FY2018: US\$3.8 million). US\$0.8 million deemed interest expenses was fully amortised on interest-free loans due to the former immediate and ultimate holding company in the Year (FY2018: US\$2.9 million).

Profit for the Year

The Group has made a net profit of US\$23.9 million (FY2018: loss US\$13.4 million) mainly due to the one-time gain of US\$37.1 million from the disposal of subsidiaries during FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Cash & Cash Equivalents

Total cash and cash equivalents of the Group were US\$0.5 million as at 30 April 2019 (FY2018: US\$1.3 million), a decrease of US\$0.8 million.

Cash Flows

Net cash of US\$4.6 million (FY2018: US\$8.6 million) has been used in operating activities. During the Year, the Group has used US\$4.5 million cash for the purchase of PPE. Additional cash advances totaling US\$8.3 million were advanced by a director, related parties and the immediate and ultimate holding company to support the operations of the Group. The Group has been relying on the financial support from the Golden Star Group Limited and Mr. Zhu Jun, the ultimate controlling party of the Group.

Borrowings

Total borrowings as at 30 April 2019 amounted to US\$22.5 million (FY2018: US\$52.0 million).

Total liabilities was US\$39.5 million (FY2018: US\$68.4 million), of which US\$20.9 million (FY2018: US\$13.2 million) contributed from the support from the Golden Star Group Limited and Mr. Zhu Jun, the ultimate controlling party of the Group and related parties.

The significant reduction in total borrowings was attributed to the disposal of two inactive subsidiaries in net liabilities position of US\$37.0 million. Details can be referred to Note 20 to the financial statements.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

During the Year, capital expenditure of the Group was US\$2.3 million (FY2018: US\$2.3 million).

As at 30 April 2019, the Group had no material capital commitment nor contingent liability (FY2018: Nil).

BUSINESS REVIEW

The Group has engaged in the Tinplate Manufacturing business since 2012. Located in Jiangsu, the Tinplate Manufacturing segment with its Taizhou plant principally engages in manufacturing, sales and distribution of tinplate products. With a strong team of competent and experienced personnel, coupled with a progressive technology, high-quality-level products as well as comparatively new machine and equipment, the Group has successfully strived for the resumption of the operations of the factory in Taizhou in May 2018 and generated US\$16.4 million revenue for the Year.

OUTLOOK

The Group is fully dedicated to the manufacturing of metal packaging material, tinplate, and related businesses, i.e. the Tinplate Manufacturing business. The Group aims to be a leading supplier of tinplate products in the PRC and eventually globally.

Tin is a non-toxic element widely used in coating of steel sheet products, i.e. food cans, to increase the preservation of nutrition and flavour of food, and to reduce oxidation of food. Tin also has a metallic lustre that provides an aesthetic look for tinplate containers. It also has excellent properties in corrosion resistivity and high weldability. Tinplate products can also be easily recycled and hence demand has been growing to replace non-degradable packaging products. Tinplate's special characteristics have made it the premier product of choice for the metal packaging industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The stringent environmental rules in Mainland China have forced unqualified factories to close since 2018 which has significantly lowered the supply of tinplate products in the PRC and export. Since the inception of revitalization, the Taizhou Plant has been designed with proper consideration on environmental protection. A 3-year sewage disposal license was granted on 18 December 2018 by the Taizhou City Environmental Protection Bureau which enables the Taizhou Plant to expand its value chain on a critical process — the “pickling” for the raw steel. Taizhou Plant is highly recognised by the Government of Xinghua City, Taizhou in Jiangsu province.

Tinplate is currently used for making all types of containers such as food cans, beverage cans, 18-liter cans and artistic cans. Its applications are not limited to containers. Recently, tinplate has also been used for making electrical machinery parts and many other products. The Group is also developing new potential product lines and continually optimising existing product lines to satisfy the unique needs of various existing and potential customers. Can manufacturing and laminated steel production line are currently under construction and are yet to be put into production.

Demand has also been growing with the increasing use of tinplate to replace the non-degradable packages and also as substitutes to overcome the current disadvantages in using PET material (e.g. for cooking oil). Furthermore, the increasing consumption of canned food together with the growth of e-commerce purchases on canned food all over the world compounded the growth in demand of tinplate products.

With the support of the Company’s Executive Chairman, Mr. Zhu Jun, the Company considers its Tinplate Manufacturing business as having enormous growth potential and becoming the key revenue driver for the Group.

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

The Group will actively explore and identify more meaningful investment and other business opportunities riding on the “One Belt; One Road”, the construction of Greater Bay Area and the high growth in Mainland China. Furthermore, the Group will continue to streamline the corporate structure of the Group to enhance the financial position for the interests of the shareholders.

HUMAN RESOURCES

The Group had employed approximately 178 employees (FY2018: 117) in Hong Kong and the PRC as at 30 April 2019. Employee costs, including directors’ emoluments, were approximately US\$2.2 million (FY2018: US\$2.9 million). Staff remuneration packages are determined in consideration of market conditions and performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contribution to the Group. The Group did not experience any significant labor disputes that led to any disruption of its normal business operations.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

Mr. Zhu Jun (“Mr. Zhu”), aged 59, the executive Chairman and an executive Director, was appointed on 30 October 2015. Mr. Zhu also holds directorships in most of the subsidiaries of the Company. He is responsible for formulating the strategic directions, expansion and overall business development plans of the Group. He is also a director and the sole shareholder of Golden Star Group Limited, which is the controlling shareholder of the Company. Mr. Zhu has been 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. He is undertaking a postgraduate study in the faculty of Economics of Beijing University. Since 30 October 2015, he has been the chairman of the nominating committee (the “**NC**”) and a member of the remuneration committee (the “**RC**”) of the Company.

EXECUTIVE DIRECTORS

Mr. Lei Yonghua (“Mr. Lei”), aged 40, an executive Director, was appointed on 21 March 2019. Mr. Lei is currently the General Manager and a Director of Yorkshine New Material (Taizhou) Limited (“**YNMT**”), the major operating subsidiary of the Company. Mr. Lei graduated from Jiaozuo Institute of Technology (now known as Henan Polytechnic University) with a bachelor degree in heat energy and power engineering. He has 15 years of experience in tinplate industry. Mr. Lei had been the head of production, chief engineer, and the head of sales of a number of sizeable entities. Mr. Lei joined YNMT as Sales Director in May 2018. Prior to joining YNMT, Mr. Lei has been the chief engineer, sales director and deputy general manager of a packaging product company in Tianjin responsible for its new set up and he has successfully built the sales team and set up proper distribution channel for the company.

Ms. Wang Jianqiao (“Ms. Wang”), aged 31, an executive Director, was appointed on 30 October 2015. Ms. Wang holds directorships in certain subsidiaries of the Company. She is a director of Golden Star Group Limited, which is the 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 for its group companies. She holds a bachelor’s degree in Management from the Shanghai Finance University. She holds (i) an Executive Master of Business Administration program of Shanghai Jiao Tong University; and (ii) an Executive Master of Business Administration of KEDGE Business School. She has also been awarded 2017 outstanding graduate of Antai College of Economics and Management of Shanghai Jiao Tong University.

NON-EXECUTIVE DIRECTOR

Dr. Ouyang Qian (“Dr. Ouyang”), aged 63, the non-executive Director, was appointed on 13 February 2017. He was appointed as a director of China National Travel Service (HK) Group Corporation in January 2018. He has been nominated by State-owned Assets Supervision and Administration Commission of the State Council as an independent director of China National Cereals, Oils and Foodstuffs Corporation. Before that, he served as the chairman of supervisory board of China CITIC Bank Corporation Limited (“**China CITIC Bank**”) from August 2013 till October 2015. He held various positions in China CITIC Bank during the period from 1988 to 2015. Dr. Ouyang graduated from Tsinghua University, Beijing in 1982, with a Bachelor of Science degree majoring in engineering. He obtained a doctor of philosophy degree at The University of Manchester, the United Kingdom in 1988. During his tenure with China CITIC Bank, he was responsible for research and design of its internal risk control system, foreign exchange transactions, bond transactions, gold trading and management of asset portfolio investment. Dr. Ouyang is also a member of the risk committee of Darby Asian Mezzanine Fund. He has been a member of the RC since 13 February 2017.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Foo Teck Leong (“Mr. Foo”), aged 54, was appointed as an independent non-executive Director (“INED”) 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, the United Kingdom in 2004. Mr. Foo has been 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 has been the chairman of the audit committee of the Company (the “AC”) since 19 November 2010, and a member of the RC and the NC since 1 April 2010.

Mr. Tang Chi Loong (“Mr. Tang”), aged 50, was appointed as an INED 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 20 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 Singapore Exchange Securities Trading Limited. Since 1 July 2009, he has been the chairman of the RC and a member of the AC. He was re-designated from the chairman of NC to a member of the NC on 30 October 2015.

Mr. William Robert Majcher (“Mr. Majcher”), aged 56, was appointed as an INED on 27 November 2015. Mr. Majcher holds a bachelor’s degree in Commerce from St. Mary’s University, Halifax, Nova Scotia, Canada. With over 30 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) VBG International Holdings Limited (a company listed on GEM of the SEHK with stock code: 8365). Mr. Majcher has resigned as an independent non-executive director of Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited) (a company listed on GEM of the SEHK with stock code: 8020) with effect from 31 May 2018. He has been an independent non-executive director of CCT Land Holdings Limited (a company listed on the Main Board of the SEHK with stock code: 261) until February 2016. Since 27 November 2015, he has been a member of each of the AC, RC and NC.

There is no change of Directors’ information pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (“**HK Listing Rules**”) that needs to be disclosed since the Company’s last published interim report.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

As at the date of this report, the key management personnel of the Group are as follows:

Mrs. Fung Lui Kit Har, Keziah, aged 58, the Chief Financial Officer and Company Secretary of the Company appointed on 2 August 2018 and 1 March 2019 respectively. Mrs. Fung obtained a Professional Diploma in Management Accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and holds a Master degree in Business Administration from the Hong Kong Polytechnic University. She has 30 years of experience in Finance for listed and various multinational corporations and over 10 years' experience in Hong Kong company secretarial practice. Mrs. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA), a fellow member of the Chartered Institute of Management Accountant (FCMA), associate member of the Hong Kong Institute of Chartered Secretaries (ACS)/The Chartered Institute of Company Secretaries and Administrators (ACIS). She is also qualified as a Chartered Global Management Accountant (CGMA) and a Corporate Governance Professional (CGP).

Mr. Hong Jiansheng, aged 41, Director of Marketing Department of YNMT, the major operating subsidiary of the Group who joined YNMT in April 2018. Mr. Hong was appointed as a Director of YNMT on 4 June 2019. He has more than 16 years of experience in procurement and sales. Mr. Hong is familiar with the supply, processing and distribution of electronic materials, sales of materials for tin cans printing industry/deep processing transit/sales of tinplate products etc. He excels at procurement, customer development, marketplace maintenance and sales management.

Mr. Li Wei, aged 31, Director of Production of YNMT who joined YNMT in June 2017. Mr. Li was appointed as the Director of YNMT on 4 June 2019. Mr. Li has ample experience in full process management of tinplate production, including equipment maintenance/technical change to installation and modification of electrolytic tinning line.

Ms. Liu Jia, aged 31, Director of Administration and Human Resources of YNMT who joined YNMT in June 2017. She was appointed as a Director of YNMT on 4 June 2019. Ms. Liu has in-depth knowledge of YNMT's history, culture and personnel, and combined with human resources management expertise, gives full play to the function of support to the department.

Mr. Wang Xiaoning, aged 46, Financial Controller of YNMT who joined YNMT in January 2019. Mr. Wang was appointed as the Director of YNMT on 4 June 2019. He graduated from Jiangsu Broadcast Television University, major in Accounting. Mr. Wang is a China CPA and an International Internal Auditor. Mr. Wang has over 20 years relevant experience in accounting. He has held position as finance manager and financial controller in a number of sizeable enterprises. Mr. Wang has an in-depth knowledge in the manufacturing development.

Mr. Wen Fangyuan, aged 27, Director of the Legal Department of YNMT who joined YNMT in September 2018. Mr. Wen was appointed as the Director of YNMT on 4 June 2019. Mr. Wen holds a Master of Law Degree from Guangzhou University. He worked as a lawyer in Guangdong Kingbridge Law Firm. Mr. Wen holds a concurrent post of Legal Controller in Jiaoyibao Cross-border Settlement Technology Company Ltd.

Mr. Xu Shuhang, aged 46, Director of Technical Quality Department of YNMT who joined YNMT in December 2017. Mr. Xu has worked as section head of technical in HBIS Group. He has extensive experience in packaging material equipment technology management, metal products production and quality management.

During the Year, the following persons were key management personnel of the Group but have left the Group as at the date of this report.

Mr. Chiu Tun, Steven, General Manager of Investment Department until 17 December 2018.

Mr. Chung Man Wai, the Chief Financial officer of the Company for the period from 24 January 2018 to 1 August 2018.

Mr. Jiang Yongxiang, Financial Controller of YNMT during August 2017 to January 2019.

Mr. Zhang Qiyan, Vice General Manager of YNMT during September 2017 to February 2019.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of Directors and the management of the Group are committed to achieving and maintaining high standards of corporate governance and continuously improve these standards, which the Group considers as critical in safeguarding the integrity of its business operations and maintaining investors' trust in the Company, and good corporate governance is indispensable for long-term business success and sustainable performance of the Group.

The Company is incorporated in Singapore and has been listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and dual-listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**"). The Company is obliged to comply with corporate governance codes issued by both Monetary Authority of Singapore ("**MAS**") and SEHK.

MAS has published the Code of Corporate Governance 6 August 2018 (the "**2018 SG Code**") on 21 September 2018 which will take effect from financial year commencing on 1 January 2019. The 2018 SG Code represents a development in terms of the structure and the way the companies are required to describe the respective governance practices. The 2018 SG Code is more succinct with 13 instead of 16 principles. The Singapore Code of Corporate Governance 2012 (the "**SG CG Code**") is applicable to the Company for the year ended 30 April 2019.

The scope and content of the SG CG Code is summarized as follows:

I. BOARD MATTERS

• The Board's Conduct of its Affairs	Principle 1	Guidelines 1.1 to 1.7
• Board Composition and Guidance	Principle 2	Guidelines 2.1 to 2.8
• Chairman and the Chief Executive Officer	Principle 3	Guidelines 3.1 to 3.4
• Board Membership	Principle 4	Guidelines 4.1 to 4.7
• Board Performance	Principle 5	Guidelines 5.1 to 5.3
• Supply of and Access to Information	Principle 6	Guidelines 6.1 to 6.5

II. REMUNERATION MATTERS

• Procedures for Developing Remuneration Policies	Principle 7	Guidelines 7.1 to 7.4
• Level and Mix of Remuneration	Principle 8	Guidelines 8.1 to 8.4
• Disclosure on Remuneration	Principle 9	Guidelines 9.1 to 9.6

III. ACCOUNTABILITY AND AUDIT

• Accountability	Principle 10	Guidelines 10.1 to 10.3
• Risk Management and Internal Controls	Principle 11	Guidelines 11.1 to 11.4
• Audit Committee	Principle 12	Guidelines 12.1 to 12.9
• Internal Audit	Principle 13	Guidelines 13.1 to 13.5

IV. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

• Shareholders' Rights	Principle 14	Guidelines 14.1 to 14.3
• Communication with Shareholders	Principle 15	Guidelines 15.1 to 15.5
• Conduct of Shareholders' Meetings	Principle 16	Guidelines 16.1 to 16.5

CORPORATE GOVERNANCE REPORT

The Company continues to adopt, for corporate governance purposes, the code provisions (“**CP**”) of the Corporate Governance Code (the “**HK CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**HK Listing Rules**”) on SEHK.

The HK CG Code sets out the principles of good corporate governance, and two levels of recommendations: (a) CP which the Company have to either comply or explain; and (b) recommended best practices (“**RBP**”). The Company observed the amendments to HK CG Code which have taken effect from 1 January 2019. In the event of any conflict between the SG CG Code and the HK CG Code, the Company will comply with the more onerous code provisions.

The table below summarises the scope and content of the HK CG Code as follows:

A. DIRECTORS

A.1	The Board	CP A.1.1 to A.1.8	
A.2	Chairman and Chief Executive	CP A.2.1 to A.2.9	CP A.2.7 ⁽ⁱ⁾
A.3	Board Composition	CP A.3.1 to A.3.2	RBP C.3.3 ⁽ⁱⁱ⁾
A.4	Appointments, Re-election and Removal	CP A.4.1 to A.4.3	
A.5	Nomination Committee	CP A.5.1 to A.5.5	CP A.5.5 ⁽ⁱ⁾ CP A.5.6 ⁽ⁱⁱⁱ⁾
A.6	Responsibilities of Directors	CP A.6.1 to A.6.8	CP A.6.7 ⁽ⁱ⁾
A.7	Supply of and Access to Information	CP A.7.1 to A.7.3	

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION

B.1	The Level and Make-up of Remuneration and Disclosure	CP B.1.1 to A.1.5	RBP B.1.6 to B.1.9
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C. ACCOUNTABILITY AND AUDIT

C.1	Financial Reporting	CP C.1.1 to C.1.5	RBP C.1.6 to C.1.7
C.2	Risk Management and Internal Control	CP C.2.1 to C.2.5	RBP C.2.6 to C.2.7
C.3	Audit Committee	CP C.3.1 to C.3.7	RBP C.3.8 CP C.3.2 ⁽ⁱ⁾

D. DELEGATION BY THE BOARD

D.1	Management Functions	CP D.1.1 to D.1.4	
D.2	Board Committees	CP D.2.1 to D.2.2	
D.3	Corporate Governance Functions	CP D.3.1 to D.3.2	

E. COMMUNICATION WITH SHAREHOLDERS

E.1	Effective Communication	CP E.1.1 to E.1.4	CP E.1.5 ⁽ⁱⁱ⁾
E.2	Voting by Poll	CP E.2.1	

F. COMPANY SECRETARY

CP F.1.1 to F.1.4

Remarks:

⁽ⁱ⁾ Modified w.e.f. 1 January 2019

⁽ⁱⁱ⁾ Newly added w.e.f. 1 January 2019

⁽ⁱⁱⁱ⁾ Deleted/superseded w.e.f. 1 January 2019

CORPORATE GOVERNANCE REPORT

This corporate governance report (“**CG Report**”) was prepared based on the sequence of the principles under the SG CG Code with cross references made and/or additional information given, as appropriate, with reference to the HK CG Code.

During the Year, the Group has complied with the applicable principles and guidelines in the SG CG Code and deviations from the SG CG Code, if any, have been explained in this CG Report.

In addition, the Group has also complied with most of the CPs and have taken the liberty to comply with certain RBPs under the HK CG Code. Deviations from CPs A.2.1 and C.1.2, also Guideline 2.2 of the SG CG Code in part or in whole have been explained in this CG Report.

In addition to the in-house internal audit function with an internal audit manager reporting directly to the chairman of audit committee, the Board has engaged an independent consulting firm to perform an internal control review of the Group, which covered the internal control system of the Group in force during the Year. Please refer to the paragraph headed “Internal Control Review” in this CG Report for the findings of such review.

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 SG CG Code and HK CG Code.

I. BOARD MATTERS

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.

ROLES OF THE BOARD (Guideline 1.1)

The board of directors is collectively responsible for its management and operations for the long-term success of the Company. The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- (b) establish a framework of internal controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the company’s reputation;
- (e) set the company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- (g) assume the responsibility for corporate governance as set out in CP D.3.1 of the HK CG Code.

CORPORATE GOVERNANCE REPORT

Each of the Directors during the Year understands his/her responsibilities as a director of the Company and its conduct, business activities and development pursuant to CP A.6 “Responsibilities of Directors” of the HK CG Code. The Directors, executive or non-executive, both collectively and individually, have to fulfil fiduciary duties and duties of skill, care and diligence (Guideline 1.2). All Directors must ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the best interests of the Company and shareholders at all times.

Delegation by The Board (Guideline 1.3)

Delegation by the Board relating to: (a) management functions (CP D.1); (b) Board committees; and (c) corporate governance functions (CP D.2) of the HK CG Code.

Matters Reserved for The Board’s Decision/Management Functions (Guideline 1.5(a) and CP D.1.2)

The Board reserves for its decision in 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. Responsibilities relating to implementing the Board’s decision, directing, co-ordinating and managing daily operation are delegated to the management.

BOARD COMMITTEES (Guidelines 4.1, 7.1 and 12.1 and CP D.2)

To facilitate effective management, certain functions have been delegated to various Board committees, namely the Nominating Committee (“**NC**”), the Remuneration Committee (“**RC**”) and the Audit Committee (“**AC**”), 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 Board committees’ terms of reference are available on the respective websites of the Company and the SEHK.

BOARD AND BOARD COMMITTEE MEETINGS (Guideline 1.4, CP A.1.1)

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. During the Year, matters involving conflict of interest of directors or a substantial shareholder and also matters considered by the Board as material have been dealt with by physical board meetings rather than by way of written resolutions and that the matters have been dealt with by the independent non-executive Directors (“**INEDs**”) who, and whose close associates, have no material interest in the transaction would be present at that board meeting (CP A.1.7). The Company’s articles of association (the “**Constitution**”) allows the meetings of Directors to be conducted by means of telephone conference or video conference or other similar communications equipment. 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.

NOTICE, AGENDA, MEETING PROCEEDING AND MINUTES

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

Notice of regular Board meetings is served to all Directors at least fourteen days before the meeting (CP A.1.3). For the meetings of the Board committees, notice is served to the members of the respective committees at least seven days before the meeting or such shorter notice as may be agreed by the members.

CORPORATE GOVERNANCE REPORT

The agenda of the Board meetings are prepared in consultation with the executive chairman of the Board (the “**Executive Chairman**”). The agenda of the Board committees’ meetings are prepared in consultation with the respective chairman of the Board committees. Directors are given an opportunity to include matters in the agenda for regular Board meetings (CP A.1.2). Board papers or Board committee papers together with all appropriate, complete and reliable information are sent to all Directors or members of the respective Board committees at least 3 days before each Board meeting or Board committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Chairman has made the best endeavor to ensure that all Directors are properly briefed on issues arising at Board meetings (CP A.2.2). The Board and each Director also have separate and independent access to the senior management where necessary.

The Constitution contains provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving contracts or arrangements or other proposals in which such Directors have any direct or indirect interest (CP A.1.7).

Minutes (and written resolutions passed by the Directors and, as the case may be, the members of Board committees) of Board meetings and meetings of Board committees have been kept by the Company Secretary and were available for inspection at any reasonable time on reasonable notice by any Director (CP A.1.4).

Minutes (and written resolutions passed by the Directors and, as the case may be, the members of Board committees) of Board meetings and meetings of Board committees have been recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes are sent to all Directors (or, as the case may be, members of Board committees) for their comments and records respectively, within a reasonable time after the Board meeting is held (CP A.1.5).

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors (CP A.1.8).

ATTENDANCE RECORDS FOR BOARD AND COMMITTEES MEETINGS (Guideline 1.4 and mandatory disclosure under HK CG Code)

During the Year, four regular Board meetings were held for reviewing the operation 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 AC, the NC and the RC during the Year are set out below:

	Board	AC	NC	RC
Number of Meetings held during the Year	4	7	1	1
Executive Directors				
Zhu Jun	4/4	–	1/1	1/1
Wang Jianqiao	4/4	–	–	–
Lei Yonghua ^(Note 1)	1/1	–	–	–
Non-executive Director				
Ouyang Qian	2/4	–	–	0/1
Independent Non-executive Directors				
Tang Chi Loong	4/4	7/7	1/1	1/1
Foo Teck Leong	3/4	7/7	1/1	1/1
William Robert Majcher	3/4	6/7	1/1	1/1

(Note 1): appointed on 21 March 2019

CORPORATE GOVERNANCE REPORT

TRAINING – ORIENTATION AND CONTINUING DEVELOPMENT (Guideline 1.6)

All newly appointed Directors will undergo appropriate orientation program to ensure that they are familiar with the company's business and governance practices (Guideline 1.6). Directors have also participated in continuous professional development to develop and refresh their knowledge and skills (CP A.6.5).

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, reading materials or participating in the Directors E-Training launched by SEHK.

The Directors are responsible for their own training needs and reported to the Company whereas the Company provides suitable training materials for the Directors at the Company's expenses.

The Company is responsible for funding suitable training for the Directors.

Most of the Directors (including Mr. Lei), the CFO and the internal audit manager of the Group have attended a condensed refreshment course on Outline of Responsibilities of Directors of Listed Companies conducted by Company's legal counsel on 3 April 2019, covering, among others, directors' duties under the Listing Rules and the SFO. The Company will continue to organise more trainings to the current Directors to develop and refresh their knowledge and skills as a director of a company listed in Hong Kong and Singapore.

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.

BOARD COMPOSITION (CP A.3)

The current Board comprises seven members, consisting of three executive Directors, one non-executive Director and three INEDs:

EXECUTIVE DIRECTORS:

Mr. Zhu Jun *(Executive Chairman, Chairman of the NC and member of the RC)*
Ms. WANG Jianqiao
Mr. LEI Yonghua (appointed on 21 March 2019)

NON-EXECUTIVE DIRECTOR:

Dr. OUYANG Qian *(member of the RC)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. FOO Teck Leong *(Chairman of the AC and member of the NC and the RC)*
Mr. TANG Chi Loong *(Chairman of the RC and member of the AC and the NC)*
Mr. William Robert MAJCHER *(member of the AC, the NC and the RC)*

Details of the biography of the Directors can be found under the section headed "Board of Directors and Senior Management" as set out on pages 12 to 14 of this annual report.

CORPORATE GOVERNANCE REPORT

Save as disclosed, there is no financial, business, family or other material/relevant relationship among the Directors.

NON-EXECUTIVE DIRECTORS AND THEIR ROLES

Non-executive Directors enable a more balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The functions of non-executive Directors (including independent non-executive Directors) are:

- participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- taking the lead where potential conflicts of interests arise;
- serving on the AC, the RC, the NC and other committees, as appropriate and as invited; and
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

INEDs exercise non-management functions in the Group. Although all Directors have equal responsibility for the performance of the Group, the role of the INEDs 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.

INEDs 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 conflict of interests and other complexities.

INDEPENDENCE

During the Year, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the HK Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise and INEDs representing one-third of the Board. The Board also at all times met the requirements of Guideline 2.1 of the SG CG Code to maintain a strong and independent element of the Board with the INEDs making up at least one-third of the Board.

Guideline 2.2 of the SG CG Code requires that the INEDs should make up at least half of the Board where (a) the Chairman of the Board and the chief executive officer (or equivalent) is the same person; or (b) the Chairman is not an INED.

For the period from 21 March 2019 to 30 April 2019, there were three out of seven Board members who were INEDs which was a deviation from Guideline 2.2 since Mr. Zhu, the Executive Chairman of the Board is an executive Director and less than half of the members of the Board are INEDs. The Board has tried to ensure a strong and independent element through having all major decisions discussed and reviewed by the Board. The Board will continue to ensure that the process of decision-making by the Board is independent and based on collective decision without any concentration of power of influence.

The Company has received written annual confirmation from each INED of his independence pursuant to the requirements of the HK Listing Rules and the listing manual of SGX-ST (the "**Listing Manual**"). The NC conducts a review of the INEDs' independence based on the guidelines set forth in the SG CG Code and the HK Listing Rules and is of the view that Mr. Foo Teck Leong, Mr. Tang Chi Loong and Mr. William Robert Majcher are independent.

CORPORATE GOVERNANCE REPORT

Mr. Tang Chi Loong was appointed in July 2009 and Mr. Foo Teck Leong was appointed in April 2010. Both have served on the Board for more than nine years. The NC had conducted a rigorous review of their independence (Guideline 2.4) by way of self-assessment and peer-review. As a result of the rigorous review, the NC is of the view that their independence cannot be arbitrarily determined merely on the basis of a set period of time and has taken into consideration the following factors in assessing their independence:

- demonstrated strong independence in discharging their duties and responsibilities with the utmost commitment in upholding the interests of the non-controlling shareholders;
- engaged the Board in constructive discussions;
- expressed individual viewpoints, debated issues and objectively scrutinised and challenged management;
- sought clarifications as they deemed necessary; and
- developed significant insights in the Group's businesses and operations.

Furthermore, the Board is aware of the new RBP A.3.3 which requires the Board to state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies. RBP A.3.3 has taken effect from 1 January 2019. Should there be new appointment of INED, the Executive Chairman and the Board will follow the RBP A.3.3.

STRUCTURE, SIZE AND COMPOSITION OF THE BOARD

The Board and the NC regularly examine the Board's size (Guideline 2.5) and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size of the Board, taking into account the scope and nature of the Group's operations. The NC 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 (CP A.5.2).

The Board comprises a balanced and well diversified members of different age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service (Guideline 2.6). They provide the Board with the necessary experience and expertise to direct and lead the Group. In addition, the Board considers the INEDs to be of sufficient calibre.

All Board appointments are based on merit while taking into account diversity. The appointment of Mr. Lei Yonghua on 21 March 2019 as an executive Director enhanced diversity of the Board in terms of age, skill and industrial knowledge.

The NC will review the diversity policy of the Company, as appropriate, to ensure its effectiveness. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

All Directors have brought a wide spectrum of valuable business and management experience, knowledge and professionalism to the Board for its efficient and effective functioning. The NC is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively and provides a balance of views at both the Board and the Board committees.

The Company has entered into a formal appointment letter with each of the non-executive Directors (including INEDs) for a specific term of 3 years with the exception of Mr. Foo Teck Leong and Mr. Tang Chi Loong who are for a specific term of 2 years (CP A.4.1). All Directors are subject to renewal and re-election.

During the Year, the Executive Chairman has met up once with the INEDs in the absence of other Directors (CP A.2.7 revised). The INEDs met among themselves twice without the presence of management (Guideline 2.8).

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

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.

Chairman of the Board is to provide leadership and management of the board, and to promote high standards of corporate governance; the chief executive officer ("CEO") is responsible for the day-to-day management of business. A clear division of these responsibilities has been adopted to ensure a balance of power and authority.

The Executive Chairman is, amongst others, responsible for:

- (a) leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- (b) scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- (c) reviewing key proposals before they are presented to the Board for consideration;
- (d) ensuring effective communications with Shareholders and that their views are communicated to the Board as a whole;
- (e) exercising control over quality, quantity and timeliness of the flow of information among the Board members and between management and the Board;
- (f) ensuring compliance with and promoting high standards of corporate governance practices and procedures;
- (g) promoting a culture of openness and debate at the Board;
- (h) ensuring that the Directors receive complete, adequate and timely information; and
- (i) facilitating the effective contribution of non-executive Directors.

The position of the Executive Chairman and CEO had been held by separate individuals prior to the removal of Mr. Chow Kin Wa as the CEO on 19 January 2018. Certain functions of CEO have been undertaken by Mr. Zhu Jun, the Executive Chairman. Since then, the Company has deviated from Guideline 3.1 of the SG CG Code and CP A.2.1 of the HK CG Code.

The Board considered it as a transitional arrangement to cater for a smooth handover. In this transitional period, the Board believes that vesting the roles of both Executive Chairman and part of the CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Company is identifying a suitable candidate as the new CEO and will provide updates, as appropriate.

During the Year, the management team has assisted the Executive Chairman in overseeing the overall management, operations and the setting of corporate directions and strategies of the Group.

There had not been any relationship (including financial, business, family or other material/relevant relationships) between Board members. The Company will take note to check on whether there will be any relation between the Chairman and any future candidate for CEO and make proper disclosure and arrangement, as necessary to ensure compliance.

CORPORATE GOVERNANCE REPORT

Although the Executive Chairman is part of the management team and is not an INED, the Company has not appointed a lead INED pursuant to Guideline 3.3, as the Board is of the view that there is a balance of power and authority with the various Board committees.

BOARD MEMBERSHIP

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

Appointments, Reappointment, Re-election and Removal

NC is established to make recommendation to the Board on all Board appointments (Guideline 4.1).

In accordance with the Constitution, any Director appointed by the Board as an additional Director or to fill a casual vacancy will hold office until the next general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting. At each annual general meeting, one-third of the Directors for the time being (or, if their number 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) will retire at least once every three years and, being eligible, offer themselves for re-election.

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 least once every 3 years.

Mr. Lei Yonghua who was appointed on 21 March 2019, retired pursuant to Regulation 88 of the Company's Constitution together with Messrs. Zhu Jun and William Robert Majcher, both retired by rotation in accordance with Regulation 89 at the annual general meeting held on 28 May 2019 were re-elected. Upon re-election, their respective positions in various committees remain unchanged.

In accordance with Regulation 89 of the Constitution, Ms. Wang Jianqiao, Mr. Tang Chi Loong and Dr. Ouyang Qian shall retire by rotation at the forthcoming annual general meeting (the "**AGM**"). Dr. Ouyang Qian has decided not to offer himself for re-election while Ms. Wang Jianqiao and Mr. Tang Chi Loong, being eligible, shall offer themselves for re-election at the AGM. Upon re-election, their respective positions in various committees will remain unchanged. Upon his cessation as Director at the AGM, Dr. Ouyang Qian will also cease as member of the Remuneration Committee of the Company.

The NC has reviewed and 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 NC. The Company will follow CP A.4.3 for the re-election of Mr. Tang Chi Loong who has served the Board for more than 9 years.

CORPORATE GOVERNANCE REPORT

The dates of appointment and last re-election of each of the current Directors, together with his/her directorship (if any) in other listed companies both present and those held over the preceding three years are set out in a table 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	28/05/2019	–
Wang Jianqiao	Executive Director	30/10/2015	14/09/2018	–
Lei Yonghua	Executive Director	21/03/2019	28/05/2019	–
Ouyang Qian	Non-executive Director	13/02/2017	14/09/2018	–
Tang Chi Loong	INED	01/07/2009	17/10/2016	–
Foo Teck Leong	INED	01/04/2010	14/09/2018	–
William Robert Majcher	INED	27/11/2015	28/05/2019	Evolving Gold Corporation VBG International Holdings Limited Unitas Holdings Limited (formerly known as “Chanceton Financial Group Limited”) (resigned with effect from 31 May 2018)

The NC comprises four members, namely Mr. Zhu Jun (Chairman) and three INEDs, namely Messrs. Tang Chi Loong, Foo Teck Leong and William Robert Majcher. The NC is chaired by the Chairman which is in compliance with CP A.5.1 but not strictly to the Guideline 4.1 which requires the Chairman has to be INED.

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 NC. Since there are three INED members in the NC which has constituted a strong majority, independence is not compromised.

When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, 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/her responsibilities, good decision-making track record, relevant experience and financial literacy.

CORPORATE GOVERNANCE REPORT

The NC is regulated by a set of written terms of reference (CP A.5.2). Its key functions include:

- reviewing the structure, size, composition and diversity (including but not limited to the gender, age, cultural and education background, professional experience, skills and knowledge) 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 INED;
- determining/proposing the objective performance criteria for the Board's approval and reviewing the Board's performance in terms of the performance criteria;
- 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;
- reviewing the succession plans for the Board, in particular the chairman and the chief executive; and
- reviewing training and professional development programs for the Board.

In assessing the optimum composition of the Board, the NC would take into account various aspects set out in its terms of references and the Board Diversity Policy which was adopted by the Board in September 2013, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender as well as the existing and future strategic needs of the Company. The NC would review the measurable objectives under the Board diversity policy and the progress of attainment, so as to ensure effective implementation. The NC is satisfied that the current Board composition has achieved diversity and would enhance the quality of performance of the Company.

Notwithstanding that only one of the Directors has multiple board representations, the NC and the Board are satisfied that sufficient time and attention are being given by the Director to the affairs of the Group. The Board will observe the revised CP A.5.5 which has taken effect from 1 January 2019 to consider if any INED would be able to devote sufficient time to the Board upon holding the seventh (or more) listed company directorship. The NC and the Board currently do not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

No Director has appointed any alternate Directors.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5:

There should be a formal annual assessment of the effectiveness of the Board as a whole and the Board committees and the contribution by each Director to the effectiveness of the Board.

Board Performance and Its Evaluation

Pursuant to Guideline 5.1 and RBP B.1.9, the NC 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 NC has considered the effectiveness of the Board as a whole and the Board committees in addition to the contribution by the chairman and each individual Director to the effectiveness of the Board for the Year. No external facilitator was engaged by the Company in the Year.

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 as well as the Board's procedures and accountability. The performance evaluation criteria do not change from year to year. All the Directors have completed the Board and Board committee evaluation forms and a summary of all the evaluation forms was circulated to the NC for review.

The NC is satisfied that the Board as a whole and the Board committees have each met its performance objectives for the Year.

The NC 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 NC 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 as well as work commitments, attendance and participation at the Board and Board committee meetings. All Directors have completed the individual Directors' self-assessment forms and a summary of all the self-assessment forms was circulated to the NC for review.

Each member of the NC shall abstain from voting on any resolutions, making recommendation and/or participating in respect of the matters in which he is interested.

The Board and the NC shall 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 NC met once in the Year. The independence of each Director is reviewed annually by the NC by reference to the guidelines set out in the SG CG Code. In addition, the independence of the Company's INEDs meets the requirements set out in Rule 3.13 of the HK Listing Rules. The NC has assessed the independence of the INEDs and is satisfied that there are no relationships which would deem any of the INEDs not to be independent. During the Year, the NC had 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.

With three Directors being INEDs, the Board is able to exercise independent judgment on corporate affairs and provide the management with a diverse and objective perspective on issues. The NC is making the best effort to ensure full compliance to Guideline 2.2 of the SG CG Code.

CORPORATE GOVERNANCE REPORT

SUPPLY OF AND ACCESS TO INFORMATION (CP A.7.1 TO CP A.7.3)

Principle 6:

In order to fulfill 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 has been furnished with detailed information concerning the Group from time to time to enable it to fulfill its responsibilities and to be fully cognisant of the decisions and actions of the Group's executive management.

All Directors have been given 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 INEDs have access to all levels of senior executives in the Group (CP A.7.2) including the Company Secretaries (Guideline 6.3) and are encouraged to contact other employees to seek additional information if they so require.

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 (Guideline 6.5 and CPs A.1.6, A.5.4 and B.1.1). The Company will, if necessary, organise briefing sessions or circulate memoranda to the Directors to enable them to keep pace with regulatory changes.

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 applicable laws and regulations are followed.

II. 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 RC comprises five members, namely Mr. Tang Chi Loong (Chairman), Mr. Foo Teck Leong, Mr. William Robert Majcher, Mr. Zhu Jun and Dr. Ouyang Qian, the majority of them being INEDs. The RC met once during the Year.

Guideline 7.1 requires all of the members of RC should be non-executive Directors ("**NED**") and the majority be INED. 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 RC are NED and INEDs.

CORPORATE GOVERNANCE REPORT

The RC 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 of remuneration for all Directors and key management personnel of the Group 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 the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives;
- 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 the 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 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 RC is to ensure that a formal and transparent set of policies and procedures is 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/her own remuneration.

The RC 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 RC takes into consideration the pay and employment conditions within the industry and in comparable companies, the Group's relative performance and the individual performance of the Directors and the key management personnel. The RC will seek expert advice on remuneration of all Directors as and when necessary. For the Year, the RC and the Board are of the view that the Company does not need to engage remuneration consultants as the remuneration for the executive Directors and the key management personnel are based on their respective existing service agreements. The RC's recommendations are submitted for the endorsement by the entire Board.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the service contracts of the executive Directors and key management personnel to ensure that such clauses and processes are fair and reasonable.

CORPORATE GOVERNANCE REPORT

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 RC ensures that the performance-related elements of remuneration are designed to align the interests of the executive Directors with those of Shareholders and link rewards to corporate and individual performance and promote the long-term success of the Company. The RC considers the executive Directors' and key management personnels' responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages.

The Board recommends the quantum of Directors' fees to be paid to the INEDs and non-executive Director 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.

Total Directors' fees will vary depend on the number of INED/NED. The Directors fees payable to the NED and INED for the Year in the amount not exceeding S\$140,000 was approved by Shareholders in the annual general meeting held on 28 May 2019.

Executive Directors do not receive Directors' fees. The remuneration of executive Directors comprises a basic salary and variable components which include an annual bonus, based on the performance of the Group as a whole and their individual performance.

During the Year, the RC had 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 under the letters of appointment of Messrs. William Robert Majcher, Foo Teck Leong, Tang Chi Loong and Dr. Ouyang Qian and under the service agreements of Mr. Zhu Jun and Ms. Wang Jianqiao.

The Company had no long-term incentive scheme during the Year.

The Board will seek to get back the incentive or any related payments from the parties involved pursuant to the applicable laws of the relevant jurisdictions, should there be any misstatements of financial results, or of misconduct resulting in a financial loss to the Group. In the future, the Board will include contractual provision to govern employees' misconduct behavior.

CORPORATE GOVERNANCE REPORT

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.

Particulars regarding the Directors' emoluments and the five highest paid employees are disclosed in Note 9 to the financial statements. A breakdown showing the level and mix of each individual Director's total emoluments payable during the Year pursuant to Guideline 9.2 is set out in the following table:

Emoluments of Directors

	Fee S\$'000	Salary S\$'000	Bonus S\$'000	Share option S\$'000	Allowances and other benefits S\$'000	Total S\$'000
Wang Jianqiao	–	314	–	–	2	316
Zhu Jun	–	0 ^(Note 1)	–	–	–	0
Lei Yonghua ^(Note 2)	–	38	–	–	–	38
Ouyang Qian	–	–	–	–	–	–
Tang Chi Loong	44	–	–	–	–	44
Foo Teck Leong	46	–	–	–	–	46
William Robert Majcher	46	–	–	–	–	46

(Note 1): Rounded down because its amount is less than S\$0.5 thousand.

(Note 2): Mr. Lei Yonghua was appointed as the executive Director on 21 March 2019.

Emoluments of Key Management Personnel

The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel (who are not Directors or CEO) be kept confidential having regard to the highly competitive human resource environment. To disclose the remuneration by name even in bands of S\$250,000 pursuant to Guideline 9.3 would be disadvantageous to the Company and may adversely affect the cohesion and spirit of team work prevailing amongst the employees of the Company. An equivalent disclosure on a no name basis, however, can be found in Note 9 to the financial statement. Moreover, the Company is pleased to disclose that the aggregate total remuneration paid to or accrued to the top five key management personnel (who are not Directors or CEO) for the Year amounted to S\$704,000, equivalent to US\$518,000.

The Company has adopted a remuneration policy for employee comprising a fixed component (in the form of a basic salary) and variable components which include a discretionary bonus that is linked to the Company's and the individual's performance. The other variable component is the grant of share options and awards to employee 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.

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.

CORPORATE GOVERNANCE REPORT

Immediate Family Member of the Director or the CEO

For the Year, no employee in the Group was immediate family members of a Director or the CEO and whose remuneration exceeded S\$50,000 pursuant to Guideline 9.4.

III. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10:

The board should present a balanced and understandable assessment of the company's performance, position and prospects.

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 HK Listing Rules and other applicable statutory and regulatory requirements.

Management has provided all members of the Board with financial and operation information on a monthly basis to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects (Guideline 10.3 and CP C.1.2).

The Directors acknowledge the responsibility for preparing the financial statements (CP C.1.3). In preparing the financial statements for the Year, the Board reviewed and selected the appropriate accounting policies, and ensured that the management had applied them consistently and prepared the financial statements on a going concern basis. The Board reviews issues in financial and operational aspects, if any, with the management on a quarterly basis and as and when required.

The Company published financial results for the year ended 30 April 2018 on 16 April 2019, more than eight months behind the requirement pursuant to Rules 13.49(1) and 13.46(2) (a) of the HK Listing Rules. The Company published (a) the first quarterly results for the period ended 31 July 2018 ("Q1FY2019") on 6 May 2019; and (b) the second quarterly (or interim) results for the period ended 31 October 2018 ("Q2FY2019" or "Interim FY2019"), together with the third quarterly results for the period ended 31 January 2019 ("Q3FY2019") on 16 May 2019. The Board has provided the Shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects in presenting the quarterly, interim and annual financial statements.

The Company announced final results for the year ended 30 April 2019 ("FY2019") on 10 July 2019 in compliance with Rule 13.49(1) of the HK Listing Rules. The Company further expected to publish the first quarterly financial results for the period ended 31 July 2019 ("Q1FY2020") by mid-September 2019 in compliance with Rule 705(2) of the SG Listing Manual.

RISK MANAGEMENT AND INTERNAL CONTROLS

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.

CORPORATE GOVERNANCE REPORT

Risk Management

The Company manages risks under an overall strategy determined by the Board and supported by the AC, the NC and the RC. No separate board risk committee has been established. The Board together with the AC and the internal audit manager carry out the responsibility of overseeing the company's risk management framework and policies.

Annual Review of The Risk & Internal Control System

Based on the internal and external audit results and discussions with management, the Board with the concurrence of the Audit Committee is of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls are adequate and effective as at 30 April 2019. The Board also notes that no system of internal controls can provide absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities. The Board carried out the review internally through the internal audit manager. The Board also engaged Shinewing Risk Services Limited ("**Shinewing**"), a competent third party to help by conducting an internal control review for FY2019 ("**IC Review-FY2019**").

There has been no official appointment of CEO during the Year. Mr. Zhu, the Executive Chairman has taken up certain daily functions of a CEO. The CFO, who was appointed on 2 August 2018, supported by the accounting team headed by the financial controller that proper set of books and records in respect of the business transactions of the Group have been maintained for the Year. Based on her understanding of the background and operations of the Group, she reported that there was no significant matters, other than those reported by the internal auditor and independent auditor (if any) which came to her attention that would qualify the two statements below per Guideline 11.3.

For the Year, the Board has received assurance from Mr. Zhu and the CFO:

- (a) the financial records have been properly maintained and the financial statements would give a true and fair view of the Group's operations and finances; and
- (b) the effectiveness of the Company's risk management and internal control systems.

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 AC comprises three members, namely Mr. Foo Teck Leong (Chairman), Mr. Tang Chi Loong and Mr. William Robert Majcher, all of them being INEDs. 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 AC by reference to their experience. Mr. Tang Chi Loong has been a practising lawyer for more than 20 years and has sound corporate knowledge. Mr. William Robert Majcher has over 30 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. There is a good mix of expertise among the members who can handle financial as well as commercial issues relating to the Group's business. None of the members of the AC is a former partner of the Company's existing external auditor or has any financial interest in such auditor. In view of this, the AC has sufficient accounting or related financial management expertise and experience to discharge the AC's functions.

CORPORATE GOVERNANCE REPORT

The AC is regulated by a set of written terms of reference which was revised on 10 January 2019. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing:

- (a) the financial information provided by the Company to any governmental body or the public;
- (b) the systems of internal controls that management and the Board have established;
- (c) the audit and business processes to manage risks and safeguard the Company's assets and enhance shareholders' value; and
- (d) the processes to manage compliance risk viz. the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the Company may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice.

The AC in carrying out its tasks under these terms of reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties. The Board will ensure that the AC has the resources to gain access to independent professional advice at the Company's expense in order for it to perform its duties.

The AC should report regularly to the Board on the exercise of its duties and on all the matters in the Act, the Listing Manual, the HK Listing Rules and the SG CG Code and HK CG Code, and on the outcome of its reviews and discussions with the external auditors and its findings on any suspected fraud or irregularity, or suspected infringement of any Singapore law, the Listing Manual, the HK Listing Rules, rules or regulations which has or is likely to have a material impact on the operating results or financial position of the Company, as well as identifying those matters which it considers any action or improvement is necessary, and making recommendations as to the step to be taken.

The AC shall have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC will initiate amendments to its terms of reference when the need arises due to changes in legislation governing corporate governance. Any director may propose such amendments to the AC's terms of reference, as he deems fit, by reason of changes in the Company's structure, organisation and/or operations which affect the matters set out in the terms of reference. All amendments to the terms of reference shall be submitted to the AC for approval.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the Group's consolidated financial statements for the Year is set out in the "Independent Auditor's Report" on pages 61 to 65 of this annual report.

The remuneration paid/payable to the Company's external auditor, Messrs. Baker Tilly TFW LLP, in respect of the Year is set out below:

	Fees Paid/Payable S\$'000
Audit Services	
— current year	178
— under provision in prior year	336
Tax Compliance Services and Agreed-upon Procedures on Preliminary announcement of Annual Results	22
Total	536

CORPORATE GOVERNANCE REPORT

The AC 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 AC's opinion, affect the independence of the external auditor. The AC formally met twice for the 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. However, there were a number of informal discussions between the AC and the Group's external auditor Messrs. Baker Tilly TFW LLP for the financial reporting matters during the Year. Having regard to the adequacy of the resources and the experience of the auditing firm and the audit engagement partner assigned to the audit, the AC has recommended the re-appointment of Messrs. Baker Tilly TFW LLP as the external auditor at the forthcoming AGM. The Company has complied with Rules 712 and 715 of the Listing Manual in relation to its external auditor.

The AC has met twice with the external auditor in the Year without the presence of management. The AC has been in close contact with the in-house internal audit manager.

During the Year, the AC has convened seven meetings and reviewed the Group's quarterly/interim/annual results and interim/annual reports, the financial reporting and compliance procedures, the internal control reports, and the re-appointment of the external auditor. The external auditor presents to the AC 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 AC met with the external auditor and reviewed the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, independence, objectivity and observations of the auditor.

WHISTLE-BLOWING POLICY (Guideline 12.7)

The Company has in place a whistle-blowing policy as implemented to allow employees to raise concerns in confidence on any financial improprieties or management involving the Company. Employee(s) can approach the chairman of the AC 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 (RBP C.3.8).

The written and circulated whistle-blowing policy and procedures also set out the procedures for raising concerns or making complaints, and the process of investigation. The Company circulates the whistle-blowing policy and procedures by email on a regular basis. Any suspicious activities that may involve dishonesty or fraud will be investigated and addressed to the chairman of the AC. 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 AC, in consultation with management, approves the hiring, removal, evaluation and remuneration of the internal auditors. The internal auditor reports directly to the chairman of the AC and administratively to the executive Directors. The internal audit function is headed by the internal audit manager. The Company engaged Shinewing to conduct the IC Review-FY2019, with relevant experience in financial accounting and auditing and had attended relevant seminars during the Year. The AC considers the internal audit function is staffed with persons with relevant qualifications and experience.

The internal auditor has unrestricted access to documents, records, properties and personnel of the Group except for certain books and records of certain subsidiaries of the Group, as explained in the Company's announcement released on 19 January 2018. The AC considers that the internal auditor has carried out her function according to appropriate professional standards except for certain subsidiaries of the Group which internal auditor was not able to carry out her function properly. Once any material internal control defects are identified during the course of internal audit, the internal auditor reported to the Board immediately for remedial actions.

CORPORATE GOVERNANCE REPORT

Shinewing has acted as internal control reviewer to conduct a review of the Group's internal control systems for the years on 15 May 2018, 6 March 2019 and 16 May 2019. The detailed scope covers the Group's financial close reporting process, revenue and receipts, cost of services, expenditures and payments, inventory management, bank and cash flow management, fixed assets management, human resources and payroll management, review on information technology systems as well as compliance procedures of relevant rules and regulations.

The internal control report of the observations, recommendations and the follow-up actions had presented to the AC for the Year. The observations and recommendations are communicated to senior management and the AC. The Board, through the AC has reviewed the internal control review report and the enterprise risk assessment report, it was noted in the internal control review report that all the remediate actions have been followed up by the management.

On 10 July 2019, Shinewing issued an internal control review report regarding the Group's internal control review, setting out the deficiencies identified, the recommendations from Shinewing and the management response performed on 16 May 2019.

A summary of deficiencies concerning the Company's key findings of the internal control review and the management response are set out as follows:

Findings	Management response
<u>Fixed assets management</u>	
The quality and progress inspection report of YNMT, a subsidiary of the Company for the construction in progress has been prepared until the construction has been completed.	The Group has recorded the related construction in progress as fixed assets as at 30 April 2019.
The progress payment of YNMT for the construction has been recorded as prepayment instead of fixed assets.	
Please refer to the corporate governance report of FY2018 for the details of the internal control review conducted on 15 May 2018 and 6 March 2019.	
The AC considers that the internal audit function is adequately resourced and has appropriate standing in the Company.	
The AC has met, at least annually, to review the adequacy and effectiveness of the internal audit function. In view of the above, the Board and the AC considers the Company is under the executive plan to strengthen the internal control mechanism.	

IV. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

SHAREHOLDERS' RIGHTS

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.

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

The Company is committed to provide prompt update to Shareholders of all material information about the changes in the Company and its business which would be likely to materially affect the price or value of the Company's shares. Though the trading of the shares of the Company has been suspended, the Company continues to keep the market informed, at least quarterly and also on a voluntary basis.

At the general meetings, Shareholders will be given the opportunity to raise questions to the Directors and the management relating to the Group's business and performance. The Directors, respective chairman of the Board committees, as well as external auditor, are present to address any relevant queries raised by Shareholders. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

Accompanying the notice of annual general meeting and extraordinary general meeting is a proxy form so that:

- (a) Shareholders who are individuals may appoint up to 2 proxies; and
- (b) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than 2 proxies to attend on their behalf,

should Shareholders be unable to personally attend the meetings.

COMMUNICATION WITH SHAREHOLDERS

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.

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.

The Company does not practise selective disclosure of material information and makes all necessary disclosures to the Shareholders and the public via SGXNET and the SEHK's website. Any investors may send their enquiries to the Company by email.

CORPORATE GOVERNANCE REPORT

The Company has 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 annual general meeting and other general 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 as well as the respective chairmen of the NC, the RC and the AC 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 share registrars deal with Shareholders for share registration and related matters; and
- (iv) the Company handles enquiries from Shareholders and investors generally.

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

The Company should have a policy on payment of dividend pursuant to the new CP E.1.5 which has taken effect from 1 January 2019. A dividend policy to communicate to Shareholders is recommended under Guideline 15.5. The Company currently does not have a dividend policy. However, the Company will work towards maintaining a balance between meeting Shareholders' expectations and prudent capital management. The issue of payment of dividends is deliberated by the Board annually, having regard to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate). 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.

To promote effective communication, the Company maintains a website at www.yorkshinegroup.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 the 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.

Pursuant to Regulation 93 of the Constitution, no person other than a Director retiring at a general meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at the general meeting unless not less than eleven clear days before the date appointed for the general meeting there shall have been lodged at the registered office of the Company a notice in writing signed by the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting for which such notice is given of his/her intention to propose such person for election and also a notice in writing signed by the person to be proposed of his/her willingness to be elected, provided that such notice shall be lodged during the period commencing on the day after the despatch of the notice of the general meeting appointed for such election and ending no later than eleven clear days prior to the date of such general meeting.

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

CORPORATE GOVERNANCE REPORT

CONDUCT OF SHAREHOLDERS' MEETINGS

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.

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

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 is set out in the section headed "Corporate Information" of this annual report to request an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such extraordinary general meeting shall be held within two months after the deposit of such requisition.

The notices of the general meetings will be despatched to the 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 resolutions. 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 meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

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, are as follows:

- At least 14 clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.
- At least 21 clear business days' notice in writing if the proposal constitutes a special resolution of the Company.
- At least 20 clear business days' notice in writing to be sent for the annual general meeting.

All resolutions in general meetings have been voted by poll pursuant to the HK Listing Rules, the Listing Manual and the Constitution. The detailed poll 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 published on the SGXNET and the SEHK's website, and posted on the Company's website accordingly.

The respective chairmen of the NC, RC and AC have attended the AGMs to address the queries raised by the Shareholders. Besides that, the Baker Tilly TFW LLP, the external auditor, has attended the AGM to address any queries with regards to the audit of the Company and the Group.

Voting in absentia, which is currently not permitted, may only be possible following a careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

The Company prepares minutes of general meetings, which have recorded comments and queries from the Shareholders thereat and responses from the Board and management. These minutes are made available upon request by the Shareholders.

CORPORATE GOVERNANCE REPORT

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. At least one of the Company Secretaries (or their representative(s)) also attends each Board meeting and assists the Executive Chairman in ensuring that Board procedures, and all applicable laws, rules and regulations, are followed. The Company Secretaries play an essential role in the relationship between the Company and Shareholders, including to assist the Board in discharging its obligations to Shareholders.

SECRETARIES DURING THE YEAR

There are two company secretaries for the Company (the “**Company Secretaries**” or “**Company Secretary**”) in compliance with the Companies Act, the Listing Manual and the HK Listing Rules respectively.

During the Year, Mr. Srikanth Rayaprolu (“**Mr. Rayaprolu**”) has been the qualified company secretary under the Companies Act. As Mr. Rayaprolu does not possess the requisite qualifications for a company secretary under Rules 3.28 and 8.17 of the HK Listing Rules under SEHK (the “**Requirements**”), the Company has applied for, and SEHK has granted, a waiver to the Company from strict compliance with the Requirements (the “**Waiver**”). Although the Waiver expired on 3 December 2018, Mr. Rayaprolu remains as the company secretary of the Company in order to comply with Sections 171(1) and 171(1AA) of the Companies Act.

Mr. Kwok Siu Man (“**Mr. Kwok**”) has been the company secretary until 7 August 2018 and Ms. Lau Jeanie (“**Ms. Lau**”) has held the position till 14 January 2019. Mrs. Fung Lui Kit Har, Keziah (“**Mrs. Fung**”) was appointed as the company secretary in Hong Kong under Rule 3.28 of the HK Listing Rules on 1 March 2019.

Mr. Rayaprolu and Mr. Kwok are nominees of the external professional service providers appointed to act as the Company Secretaries. Ms. Lau was and Mrs. Fung is an employee of the Company and have day-to-day knowledge of the issuer’s affairs.

APPOINTMENT AND ACCESS TO COMPANY SECRETARY

The board is to approve the selection, appointment or dismissal of the Company Secretary and the Company Secretary reports to the chairman of the Board and/or the chief executive.

All directors should have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations, are followed (Guideline 6.3 and CP F.1.4). Directors and at least one of the Company Secretaries of the Company (or their representatives) attend all regular Board meetings and where necessary, other Board and Board 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.

MINUTES AND RECORDS

The Executive Chairman has delegated the responsibility for drawing up and approving the agenda for each Board meeting to the Company Secretaries. The Company Secretaries have taken into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda (CP A.2.4).

Minutes of Board meetings and meetings of Board committees have been kept by the Company Secretaries and are open for inspection at any reasonable time on reasonable notice by any Director (CP A.1.4).

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines on terms no less exacting than the requirements under the Listing Manual and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules (the "**Model Code**"). The Group has 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 interim/quarterly results respectively (or if shorter, the period from the end of the relevant financial year/financial period) and ending immediately after the date of the announcement of the relevant results.

Having been specifically enquired by the Company, all current Directors have confirmed that they had complied with the required standard of dealings set out in the Model Code and its code of conduct 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 corporate governance functions set out in CP D.3.1 of the HK CG Code. Save as disclosed, the current Board has considered the corporate governance policy and practices, reviewed the Company's internal codes for securities dealing, the whistle-blowing policy and interested person transactions ("**IPTs**") and connected transactions ("**CTs**") entered into by the Group for the Year as required under the applicable requirements of the Listing Manual and the HK Listing Rules.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of IPTs and CTs.

All IPTs will be documented and submitted periodically to the AC for its 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.

There was no transaction with interested person during the Year that exceeded the stipulated thresholds as specified in Chapter 9 of the Listing Manual.

MATERIAL CONTRACTS AND LOANS

Save for the service agreements between the Directors and the Company, and as disclosed in the Group's consolidated financial statements for the Year, 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 Year or if not then subsisting, which were entered into since the end of the previous financial year.

MANAGEMENT'S RESPONSE TO CERTAIN QUALIFIED AUDIT OPINION

The Directors would like to stress that the qualification arises because of the potential effect the past year's audit qualification may have on the comparability of the figures in the FY2019 financial statements against the figures in the FY2018 financial statements, and not because the Company has not resolved past audit issues.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE FORTHCOMING AGM

Ms. Wang Jianqiao and Mr. Tang Chi Loong are the retiring Directors who are seeking re-election at the forthcoming AGM of the Company to be convened on 30 August 2019 (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”) under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 31 July 2019.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors, in accordance to Appendix 7.4.1 of the SGX-ST Listing Manual, is set out below:

	Ms. Wang Jianqiao	Mr. Tang Chi Loong
Date of appointment	30 October 2015	1 July 2009
Date of last re-appointment (if applicable)	14 September 2018	17 October 2016
Age	31	50
Country of principal residence	PRC	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon the recommendation of the NC, which had reviewed the credentials, qualification, knowledge, contributions and experience of Ms. Wang Jianqiao, the Board of Directors approved her re-election as Executive Director of the Company.	Upon the recommendation of the NC, which had reviewed the credentials, qualification, knowledge, contributions and experience of Mr. Tang Chi Loong, the Board of Directors approved his re-election as INED and Chairman of RC, member of the AC and NC of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for strategic planning for the Group.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	INED and Chairman of RC, member of the AC and NC of the Company
Professional qualifications	<ul style="list-style-type: none"> — Bachelor’s degree in Management from the Shanghai Finance University. — Executive Master of Business Administration program of Shanghai Jiao Tong University. — Executive Master of Business Administration of KEDGE Business School. 	<ul style="list-style-type: none"> — Law faculty of the National University of Singapore. — Advocate and solicitor of the Supreme Court of Singapore. — Practising lawyer.
Working experience and occupation(s) during the past 10 years	<p>2015–Present: Director of Golden Star Group Limited</p> <p>2014–Present: Vice President of Xinxing Investment Group</p> <p>2015–Present: Director of Xinxing Investment Group</p> <p>2013–2015: Worked for Ping An Bank</p> <p>2012: Worked for Finance Shared Service Centre of the Baosteel Group</p>	Mr. Tang has been a practising lawyer for more than 20 years with experience in diverse areas of the law. He is currently a partner of a law firm, Hin Tat Augustine and Partners.

CORPORATE GOVERNANCE REPORT

	Ms. Wang Jianqiao	Mr. Tang Chi Loong
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the HK Listing Rules has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	<p>Past (for the last 5 years) Directorships: Nil Other Principal Commitments: Nil</p> <p>Present Directorships: — Xinxing Investment Group — Golden Star Group Limited — Shining Red Group Limited — Greater Global Holdings Limited — Qiqiao Times Technology (HK) Limited</p> <p>Other Principal Commitments: Nil</p>	<p>Past (for the last 5 years) Directorships: Nil Other Principal Commitments: Nil</p> <p>Present Directorships: Nil Other Principal Commitments: Nil</p>

CORPORATE GOVERNANCE REPORT

	Ms. Wang Jianqiao	Mr. Tang Chi Loong
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

CORPORATE GOVERNANCE REPORT

	Ms. Wang Jianqiao	Mr. Tang Chi Loong
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or		
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,		
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DIRECTORS' STATEMENT

The board (the "**Board**") of directors (the "**Directors**") of YORKSHINE HOLDINGS LIMITED (the "**Company**") hereby presents their statement to the shareholders of the Company (the "**Shareholders**") together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2019 (the "**Year**" or "**FY2019**").

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 66 to 143 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 2019 and of 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 in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**"); 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 going concerns as described in Note 3 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**" and the "**HK Listing Rules**" respectively).

PRINCIPAL ACTIVITIES

During the Year, the Company acted as an investment holding company and its subsidiary corporations were principally engaged in the manufacturing, sales and distribution of tinplate and related products for metal packaging industry (the "**Tinplate Manufacturing business**") in the People's Republic of China (the "**PRC**") while the trading and distribution business has been suspended since the beginning of the financial year ended 30 April 2018 ("**FY2018**").

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the Year and the financial position of the Company and the Group as at that date are set out in the sections headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income", "Statements of Financial Position", "Statements of Changes in Equity", "Consolidated Statement of Cash Flows" and "Notes to the Financial Statements" of the annual report.

The Board has resolved not to recommend the payment of a final dividend for the Year (2018: US\$Nil).

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 section headed "Management Discussion and Analysis" of the annual report. The principal risks and uncertainties that the Group may face and a discussion on the relationships of the Group with its key stakeholders are set out on pages 47 to 49 of this statement. Details of discussions on (i) the Group's environmental policies and performance; and (ii) the Company's compliance with the relevant laws and regulations that have a significant impact on the Company are set out on pages 50 to 51 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 33 to the financial statements. The review forms part of this statement.

DIRECTORS' STATEMENT

RISK FACTORS

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

Potential risks and uncertainties

The Company's shares have been suspended from trading on the SEHK and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 1 August 2017 (the "**Effective Date**").

The conditions to be met by the Company for trading in its shares to resume on the SGX-ST, as announced on 21 September 2018, are as follows:

- (1) Pursuant to Rule 1304(1) of the Listing Manual of the SGX-ST ("**SG Listing Rules**"), the Company is required to submit a proposal to the SGX-ST with a view to resuming trading in its securities ("**Resumption Proposal**") within 12 months of the date of suspension, i.e. by 1 August 2018; and
- (2) Pursuant to Rule 1304(2) of the SG Listing Rules, the Company is required to implement the Resumption Proposal within 6 months from the date the SGX-ST indicates that it has no objection to the Resumption Proposal.

If no Resumption Proposal is received to enable trading to resume within 12 months of the date of suspension, or if the Resumption Proposal is not implemented within 6 months from the date the SGX-ST indicates that it has no objection to the Resumption Proposal, the SGX-ST may remove the Company from the Official List of the SGX Main Board.

Actions taken by the Company

The Company has been working towards submitting the Resumption Proposal as required under the SG Listing Rules. As announced by the Company on 1 August 2018, the Company had applied to the SGX-ST for an extension of time of five months to submit the Resumption Proposal.

On 2 May 2019, the Company submitted an application to the SGX-ST to seek its consent to extend the respective deadlines for the Company (i) to submit a resumption of trading proposal from 1 August 2018 to 31 July 2019; and (ii) to exit the Watch-List (the "**Waivers**").

On 22 May 2019, the Company received a letter from SGX-ST dated 21 May 2019 informing the Company that the Waivers have been rejected and that as it has failed to comply with the financial exit criteria set out under the SG Listing Rules for removal from the Watch-List, the SGX-ST will proceed to delist the Company (the "**SGX Decision**").

The Company made an appeal to SGX-ST in writing on 27 May 2019 on the SGX Decision. Although there is no certainty that the SGX-ST will grant the extension of time to the Company, the Company will continue to review the available options to meet the requirements of Rule 1304(1) of the SG Listing Rules.

DIRECTORS' STATEMENT

Potential risks and uncertainties

The resumption conditions for the resumption of trading in the shares of the Company on the SEHK (the "**Resumption Conditions**") which are summarised below:

Letter from SEHK dated 27 October 2017:

- (a) address and take appropriate actions on the concerns raised by the auditor of the Company on certain documents relating to the conduct of the Group's trading and distribution of iron ore, coal and steel products and the findings of an independent review into the facts and circumstances surrounding certain sales and purchases agreements, their veracity and impact on the Group's financial statements conducted by PricewaterhouseCoopers Consulting (Singapore) Pte Ltd;
- (b) publish outstanding results and address any audit qualifications;
- (c) demonstrate that the Company has put in place adequate internal control systems; and
- (d) inform the market of all material information.

Letter from SEHK dated 10 September 2018:

- (e) demonstrate its compliance with Rule 13.24¹ of the HK Listing Rules including, but not limited to, carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the SEHK to warrant the continued listing of the Company's securities.

Letter from SEHK dated 27 November 2018:

- (f) demonstrate that the directors of the Company meet the standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rule 3.08 of the HK Listing Rules.

Actions taken by the Company

The Company has been working towards satisfying the Resumption Conditions:

- The Company has addressed and taken appropriate actions on the concerns raised by Baker Tilly TFW LLP, the independent auditor of the Company, on certain documents relating to the conduct of the Group's trading and distribution of iron ore, coal and steel products and the findings of the independent review conducted by PricewaterhouseCoopers Consulting (Singapore) Pte Ltd.
- The Company published its financial results for the year ended 30 April 2017, 2018 and 2019 on 1 August 2018, 16 April 2019 and 10 July 2019 respectively. The Company has also taken action to address the audit qualifications thereon. For FY2018, there is no further audit qualified opinion in connection with the net carrying amounts of (a) property, plant and equipment ("**PPE**") as stated in the consolidated statement of financial position of the Group as at 30 April 2018 and (b) investment in subsidiary as stated in the statement of financial position of the Company as at 30 April 2018, respectively. However, the auditor's opinion on the financial statements of FY2018 was modified because of the auditor's inability to determine how much of the impairment losses on PPE and investments in subsidiaries and amount due from subsidiary, if any, relates to the profit or loss in prior years and the comparability of the current year's figures and the corresponding figures.
- For FY2019, 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 the SFRS(I) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for FY2019, except for the possible effects on the comparability of current year's figures and the corresponding figures attributable to the auditor's opinion for FY2018. Please refer to the independent auditor's report on page 61 for further details.

DIRECTORS' STATEMENT

Potential risks and uncertainties

Under Rule 6.01A(2)(b)(iii) of the HK Listing Rules, the SEHK may cancel the Company's listing if trading in the Company's shares has remained suspended for 12 continuous months from 1 August 2017.

If the Company fails to fulfil all the Resumption Conditions to the SEHK's satisfaction and resume trading in the Company's shares by 31 July 2019, the listing department of the SEHK will recommend the listing committee of the SEHK to proceed with the cancellation of the Company's listing. This is subject to the SEHK's right to impose a shorter specific remedial period under Rule 6.10 of the HK Listing Rules where appropriate.

The development and construction of the Group's projects and the future expansion are subject to regulations of the authorities in the PRC, including building and construction, environmental and safety requirements.

Actions taken by the Company

As at the date of this statement, the Company has published all outstanding results to meet the Resumption Conditions and in compliance with the SG Listing Rules and HK Listing Rules.

- As reported under the section headed "Corporate Governance Report" of this annual report, the Group has been using its best endeavors to put in place adequate internal control systems.
- The Group has been making periodic announcements informing the market of all material information.
- The manufacturing operation of the Group has resumed operations in May 2018. The Group is committed to demonstrate sufficient level of operations to SEHK to warrant the continued listing of the Company's securities.
- On 2 May 2019, the Company has appointed a corporation licensed for Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as the financial adviser (the "FA") of the Company. The FA will, among others, advise on the structure and terms in relation to the resumption proposal for the resumption of the trading in the shares of the Company on the SEHK.
- On 3 July 2019, the Company submitted a trade resumption proposal to SEHK.

The Group will carefully observe the PRC regulatory requirements and take appropriate strategic moves in response to those changes.

¹ The following is a reproduction of the Note to Rule 13.24 of the HK Listing Rules:

"Note: Characteristics of issuers which are unable to comply with Rule 13.24 of the HK Listing Rules include:

- (i) financial difficulties to an extent which seriously impairs an issuer's ability to continue its business or which has led to the suspension of some or all of its operations; and/or
- (ii) issuers which have net liabilities as at their balance sheet date, i.e. issuers whose liabilities exceed their assets."

DIRECTORS' STATEMENT

ENVIRONMENTAL POLICIES AND PERFORMANCE

This section covers the environmental policies and performance of the Company during the Year. The Environmental, Social and Corporate Governance Report prepared in accordance with Appendix 27 to the HK Listing Rules (which shall cover the Sustainability Report under Rule 711 and Practice Note 7.6 Sustainability Reporting Guide under the SG Listing Rules) will be published on the websites of the Company, the SGX-ST and the SEHK.

During the Year, the products from the Group's principal activity of the Year are itself of high environmental protection value. Tinplate is non-toxic and recyclable which is ideal for food packaging use. The Group considers environmental and social responsibility as one of the core business values. During the rebuild of manufacturing facilities in Taizhou (the "**Taizhou Plant**"), the Group has been implementing green values in the design, development and operation of the facilities including a comprehensive environmental protection system to meet all necessary government regulations and requirements in a long-term perspective. Throughout the Year, the Group has strived 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. A 3-year sewage disposal license was granted on 18 December 2018 by the Taizhou City Environmental Protection Bureau.

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

To protect the environment and improve air quality within the community, the Group has taken several measures to mitigate environmental pollution, such as:

- supporting material-saving;
- supporting environmental friendly working environment;
- reducing energy consumption;
- enhancing machines and equipment;
- recycling and reducing;
- making double-sided printing and copying; and
- using recycled paper and reducing energy consumption by switching off idle lightings and installing electrical appliances in the offices.

The Taizhou Plant has been designed with modern concept on social and corporate responsibilities in mind. Employees' welfare, recreation, work-life balance and safety have been taken care. To support a work-life balance lifestyle, the Group encourages social interaction amongst employees through various social events and sports activities. More activities will be arranged relating to business, culture, literature, education, religion, health and social care for the employees.

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

The occupational safety and health guidelines are effectively developed, implemented and continuously improved in the Taizhou Plant. 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.

DIRECTORS' STATEMENT

The Group is committed to make a positive contribution to the communities in which its business is located. During the Year, the Group continued to support meaningful activities in the community, and to encourage and promote volunteerism throughout the Group.

The principal governance and investor relations issues are set out in the section headed "Corporate Governance Report" of the annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

The Group has lost contact with some directors of three of the inactive subsidiaries which were incorporated in Singapore. No annual general meeting has been held for in those subsidiaries. Two of the subsidiaries were disposed of on 15 April 2019 and 20 June 2019 respectively.

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

KEY STAKEHOLDER RELATIONSHIP

The key stakeholders of the Group comprise of its employees, customers, suppliers, investors and government of various countries in particular the PRC, Hong Kong and Singapore. Details of the relationship with employees are set out under the paragraph "Human Resources" in the section headed "Management Discussion and Analysis" of the annual report.

The relationship of the Group with its investors can be found in the Corporate Governance Report of the annual report.

The relationship of the Group with its suppliers and customers can be found under the paragraph "Major Customers and Suppliers" in this statement.

INVESTMENT IN SUBSIDIARY CORPORATIONS

Particulars of the Company's principal subsidiary corporations as at 30 April 2019 are set out in Note 16 to the financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the financial performance, 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 in the section headed "Five-Year Financial Summary" in the annual report.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND LAND USE RIGHTS

Details of movements in the property, plant and equipment, investment property and land use rights of the Group during the Year are set out in Notes 12, 13 and 14 to the financial statements.

During the Year, the property held for development and/or sale or for investment purpose do not exceed 5% of any of the percentage ratios as defined under Rule 14.04(9) of the HK Listing Rules.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 24 to the financial statements.

DIRECTORS' STATEMENT

ISSUE OF SHARES

There was no new issue of share during the Year.

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 2019, no amount of the Company's reserves was available for distribution to the Shareholders (2018: US\$Nil).

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreements during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "**Constitution**") or the laws of Singapore, which would oblige the Company to offer its new shares on a pro-rata basis to the existing Shareholders.

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.

SHARE OPTION

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

MAJOR CUSTOMERS AND SUPPLIERS

Total sales and total purchases of the Group was US\$16.4 million and US\$15.2 million respectively, during the Year derived mainly from Tinplate Manufacturing business which resumed business in May 2018.

Revenue of approximately US\$3.6 million during the financial year ended 30 April 2019 was derived from one major external customer who individually contributed 10% or more of the Group's revenue and are attributable to the Tinplate Manufacturing segment and 43% of the purchases was derived from the largest supplier of the Group.

No sales and total purchase of the Group for the previous financial year ended 30 April 2018 since both Trading and Distributing business and Tinplate Manufacturing business were under suspension.

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

DIRECTORS' STATEMENT

PERMITTED INDEMNITY PROVISION

The Constitution provides that subject to the provisions of and so far, as may be permitted by the statutes, every Director or chief executive officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him/her:

- (a) in the execution and discharge of his/her duties or as an officer or auditor of the Company unless the same arises as a result of any negligence, default, breach of duty or breach of trust on his/her part in relation to the Company; or
- (b) in defending any proceeding, whether civil or criminal (relating to the affairs of the Company) in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application under the Act, in which relief is granted to him/her by the court.

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

The relevant provisions in the Constitution and proper Directors' and officers' liability insurance were in force during the Year and as of the date of this statement.

DONATIONS

During the Year, the Group has not made any donation (2018: US\$Nil).

DIRECTORS

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

EXECUTIVE DIRECTORS

Zhu Jun (*Executive Chairman*)

Wang Jianqiao

Lei Yonghua ^(Note1)

Note 1: Mr. Lei Yonghua was appointed with effect from 21 March 2019.

NON-EXECUTIVE DIRECTOR

Ouyang Qian

INDEPENDENT NON-EXECUTIVE DIRECTORS

Foo Teck Leong

Tang Chi Loong

William Robert Majcher

DIRECTORS' STATEMENT

In accordance with Regulation 89 of the Constitution, Ms. Wang Jianqiao, Mr. Tang Chi Loong and Dr. Ouyang Qian shall retire by rotation at the forthcoming annual general meeting of the Company (the "AGM"). Dr. Ouyang Qian has decided not to offer himself for re-election while Ms. Wang Jianqiao and Mr. Tang Chi Loong, being eligible, shall offer themselves for re-election at the AGM. The Company will follow CP A.4.3 for the re-election of Mr. Tang Chi Loong who has been in office for more than 9 consecutive years.

The Company has received an annual confirmation of independence from each of the independent Non-executive Directors (the "INEDs") pursuant to Rule 3.13 of the HK Listing Rules and considers all of the INEDs to be independent.

The biographical details of the Directors are set out in the section headed "Board of Directors and Senior Management" of the annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the AGM has an unexpired service contract with the Company or any of its subsidiary corporations, 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 the approval of the Board upon the recommendation of the Remuneration Committee by reference to the Directors' responsibilities and performance and the financial performance of the Group. Details of same for the Year are set out in Note 9 to the financial statements.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

(A) DISCLOSURE UNDER SINGAPORE LAW

- (i) The following Director, 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 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 the name of Director		Shareholdings in which a Director is deemed to have an interest	
	At 30.4.2019	At 1.5.2018	At 30.4.2019	At 1.5.2018
The Company				
Zhu Jun	700,000	700,000	126,803,668	126,803,668
Holding company				
<i>Golden Star Group Limited ("GSGL")</i>				
Zhu Jun	50,000	50,000	—	—

DIRECTORS' STATEMENT

- (a) By virtue of Section 7(4) of the Companies Act, Mr. Zhu Jun, an executive Director, who is also the legal and beneficial owner of the entire issued and paid up capital in GSGL and a Director of GSGL, is deemed to have an interest in the Company and all the related corporations of the Company.
- (b) There was no change in any of the above-mentioned interests between the end of the Year and 21 May 2019.
- (ii) By virtue of Section 7(4) of the Companies Act, the following Director is 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:

	Shareholdings registered in the name of Director		Ordinary shares/Equity capital Shareholdings/capital in which a Director is deemed to have an interest			
	At 30.4.2019	At 1.5.2018	At 30.4.2019		At 1.5.2018	
			Number of shares	Amount of shares	Number of shares	Amount of shares
Partially-owned subsidiary corporations						
<i>Yorkshine New Material (Taizhou) Limited*</i>						
Zhu Jun	—	—	N/A	US\$19,551,000	N/A	US\$19,551,000
<i>Qiang Hua (Shanghai) Trading Limited*</i>						
Zhu Jun	—	—	N/A	RMB16,000,000	N/A	RMB16,000,000
<i>Hua Qiang (Shanghai) Trading Limited*</i>						
Zhu Jun	—	—	N/A	RMB4,000,000	N/A	RMB4,000,000
<i>Guang Dong Yong Peng Import and Export Trading Co., Ltd.* (Note 1)</i>						
Zhu Jun	—	—	—	—	N/A	RMB5,100,000
<i>Taizhou Hua Yong Trading Limited*</i>						
Zhu Jun	—	—	N/A	RMB4,000,000	N/A	RMB4,000,000
<i>Xing Hua City Daduo Sewage Treatment Co., Ltd.* (Note 2)</i>						
Zhu Jun	—	—	—	—	N/A	RMB3,990,000
<i>The Payment Cards Global Limited</i>						
Zhu Jun	—	—	16,500,000	HK\$16,500,000	16,500,000	HK\$16,500,000
<i>Organic Beer Hong Kong Limited</i>						
Zhu Jun	—	—	7,500,000	HK\$8,000,000	—	—

(Note 1) Guang Dong Yong Peng Import and Export Trading Co., Ltd.* was disposed of on 15 April 2019.

(Note 2) Xing Hua City Daduo Sewage Treatment Co., Ltd.* was disposed of on 21 September 2018.

N/A Not applicable

* Unofficial English translation

DIRECTORS' STATEMENT

(B) DISCLOSURE UNDER HONG KONG LAW

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

As at 30 April 2019, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules (the "Model Code"), to be notified to the Company and the SEHK were as follows:

(i) Shares of the Company

Name of Director/ chief executive	Long/short position	Capacity/Nature of interests	Personal interests	Number of issued ordinary shares held			Total interests	Approximate percentage of interest in the total issued shares of the Company ^(Note 1)
				Family interests	Corporate interests	Other interests		
Zhu Jun	Long	Beneficial owner and interest in a controlled corporation	700,000	—	126,803,668 ^(Note 2)	—	127,503,668	66.59

(Note 1): The percentage of shareholding was calculated based on the Company's total issued shares as at 30 April 2019 (i.e. 191,484,269).

(Note 2): The 126,803,668 ordinary shares are held by GSGL, the holding company of the Company, which is wholly-owned by Mr. Zhu Jun, an executive Director and the executive Chairman. By virtue of Part XV of the SFO, Mr. Zhu Jun is deemed to be interested in all the shares held by GSGL.

(ii) Long Position in the Ordinary Shares of Associated Corporation

Name of Director/ chief executive	Capacity/ Nature of interests	Name of associated corporation	Number of issued ordinary shares held	Percentage of interest in the total issued shares of associated corporation
Zhu Jun	Personal interest	GSGL	50,000	100

Save as disclosed above, as at 30 April 2019, none of the Directors nor the chief executives of the Company had any interests and short positions 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 (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the SEHK.

DIRECTORS' STATEMENT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 April 2019, so far as is known to the Directors, the following corporation, other than the Directors and the chief executives of the Company had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Substantial Shareholder	Long/short position	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage of interest in the total issued shares of the Company
GSGL ^(Note)	Long	Beneficial owner	126,803,668	66.22

(Note): GSGL is wholly-owned by Mr. Zhu Jun, an executive Director and the executive Chairman. By virtue of Part XV of the SFO, Mr. Zhu Jun is deemed to be interested in all the shares held by GSGL.

Save as disclosed above, as at 30 April 2019, so far as is known by or otherwise notified to the Directors, no corporation or person other than a Director or the chief executives of the Company had interests and short position in the shares and underlying shares of the Company as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, all existing Directors declared that they did not have interests in the businesses, which competed or was 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 businesses to which the Company, or its subsidiaries or fellow subsidiaries, or the holding company of the Company was a party and in which a Director or his/her connected entity/(ies) 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 30 April 2018, 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.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in Note 4 to the financial statements, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiary corporations was a party and in which any controlling Shareholder or any of its subsidiary corporations had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed, there was no material acquisition or disposal during the Year.

DIRECTORS' STATEMENT

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.

AUDIT COMMITTEE

The Audit Committee consists of three members, all of whom are INEDs. During the Year and as at the date of this statement, the Audit Committee comprises the following members:

Foo Teck Leong (*Chairman*)

Tang Chi Loong

William Robert Majcher

The Audit Committee carries out its functions, from time to time, in accordance with Section 201B(5) of the Act, the Code on Corporate Governance under the SG Listing Rules and the Corporate Governance Report contained in Appendix 14 to the HK Listing Rules. A revised terms of reference for the Audit Committee which has been effective from 1 January 2019 was announced on 10 January 2019.

For the Year, the Audit Committee has acted on the following:

- (i) reviewed the audit plans of the internal and external auditors of the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's and the Group's system of internal control and accounting and the assistance given by the Company's management to the external and internal auditors;
- (ii) reviewed the annual financial statements of the Company and the Group and the external auditor's report thereon before their submission to the Board;
- (iii) reviewed the quarterly or half-yearly 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) made recommendations to the Board on the appointment of external and internal auditors;
- (v) reviewed IPT as defined in Chapter 9 of the SG Listing Rules and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company; and
- (vi) met 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 and reviewed the Group's quarterly/interim/annual results and interim/annual reports, the financial reporting and compliance procedures. The Audit Committee has also met with the Company's external auditor, without the presence of the executive Directors, 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 the independent auditor of the Company (the "**Independent Auditor**") at the forthcoming AGM.

DIRECTORS' STATEMENT

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year and the annual report, including the accounting principles and practices adopted by the Group, with the management. It has also considered selected accounting, risk management, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions during the Year as disclosed in Note 4 to the financial statements. Save for the transaction disclosed in the section headed "Connected Transaction" below, these related party transactions constituted exempt connected transactions or continuing connected transactions under Chapter 14A of the HK Listing Rules, which were exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

The relevant non-exempt connected transactions had complied with the disclosure requirements of the HK Listing Rules.

CONNECTED TRANSACTION

The disposal of the entire 60% equity interest in Xing Hua City Daduo Sewage Treatment Co., Ltd. ("**XHDD**") for a consideration of RMB4.2 million on 21 September 2018 constituted a discloseable and connected transaction under the HK Listing Rules and a discloseable transaction under SG Listing Rules. Details can be referred to the announcement on 26 October 2018.

INTERNAL CONTROLS

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

CORPORATE GOVERNANCE

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group and up to the date of this statement are set out in Note 33 to the financial statements.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of shares of the Company.

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

Messrs. Baker Tilly TFW LLP has expressed its willingness to accept re-appointment as the Independent Auditor. Messrs. Baker Tilly TFW LLP will retire and a resolution for their re-appointment as Independent Auditor will be proposed at the forthcoming AGM.

SUFFICIENT PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float (i.e. at least 25% of the Company's total issued shares are held by the public) during the Year and thereafter up to the date of this statement.

On behalf of the Board

Zhu Jun

Executive Director

Wang Jianqiao

Executive Director

10 July 2019

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the accompanying financial statements of Yorkshire Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 66 to 143, which comprise the statements of financial position of the Group and the Company as at 30 April 2019, and the consolidated statement of profit or loss and other 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect on the comparability of figures as described in the *Basis for Qualified Opinion* section of our report, the accompanying 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 Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

BASIS FOR QUALIFIED OPINION

Comparability of figures

In the previous financial year ended 30 April 2018, the Group recognised an impairment loss on property, plant and equipment amounting to US\$11,720,000 and the Company recognised impairment losses on investments in subsidiaries and amount due from subsidiary amounting to US\$79,460,000 and US\$31,497,000 respectively in the Company's profit or loss.

We expressed a qualified opinion on the financial statements of the Group and the Company for the financial year ended 30 April 2018 as we were unable to determine how much of the impairment losses on the property, plant and equipment, investments in subsidiaries and amount due from subsidiary, if any, relates to the profit or loss in years prior to the financial year ended 30 April 2018. Consequently, we were unable to determine whether any adjustments might be necessary to the profit or loss for the previous financial year ended 30 April 2018 and opening accumulated losses as at 1 May 2017 of the Group and the Company.

Our opinion on the current financial year's financial statements is modified because of the possible effect of the above matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group reported a net cash used in operating activities for the financial year of US\$4,628,000 (2018: US\$8,609,000). As at 30 April 2019, the Group's current liabilities exceeded the current assets by US\$32,296,000 (2018: US\$57,595,000) and the Company's current liabilities exceeded the current assets by US\$497,000.

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, for the reasons disclosed in Note 3 to the financial statements, 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 2019 is appropriate. Our opinion is not further modified in respect of this matter.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment review of the Group's property, plant and equipment

As disclosed in Note 12 to the financial statements, the Group's property, plant and equipment as at 30 April 2019 amounted to US\$41,326,000 after deducting accumulated impairment losses of US\$10,295,000. This represents approximately 80% of the Group's total assets as at 30 April 2019.

As disclosed in Note 3 to the financial statements, management has performed impairment assessment on property, plant and equipment and determined the recoverable amount of the assets based on value-in-use using discounted cash flow method.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Impairment review of the Group's property, plant and equipment (Continued)

Impairment review of the Group's property, plant and equipment is considered a key audit matter due to the significance of this amount to the Group's consolidated financial position. In addition, there are significant judgement and estimations involved in the calculation of the recoverable amounts, in particular relating to forecasted cash flows and the discount rate applied to the value-in-use calculation.

Our procedures to address the key audit matter

In the course of our Group audit, we have evaluated the independence, objectivity, capabilities and competence of the component auditor of the subsidiary companies. We also engaged in continuous communications with the component auditor throughout the audit and reviewed the reply to audit instructions by the component auditor to satisfy our group audit requirements.

We have evaluated the sufficiency and appropriateness of the audit work performed and evidence obtained by the component auditor in their audit of management's impairment assessment of the property, plant and equipment of the subsidiary companies. We also evaluated independently the value-in-use calculation and assessed reasonableness of the key assumptions and inputs applied in the computation of the recoverable amounts of the Group's property, plant and equipment.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and SFRS(I), 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sim Guan Seng.

Baker Tilly TFW LLP

Public Accountants and Chartered Accountants
Singapore

10 July 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 April 2019

		Group	
	Note	2019 US\$'000	2018 US\$'000
Revenue	5	16,420	–
Cost of sales		(20,481)	–
Gross loss		(4,061)	–
Other income	6	37,704	12,065
Distribution expenses		(40)	–
Administrative expenses		(6,496)	(8,291)
Impairment loss on property, plant and equipment	12	(375)	(11,720)
Other expenses		(1,483)	(1,675)
Finance costs	7	(1,377)	(3,762)
Profit/(loss) before tax	8	23,872	(13,383)
Income tax expense	10	(9)	–
Profit/(loss) for the financial year		23,863	(13,383)
Other comprehensive (loss)/income for the year, net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(1,451)	2,470
Total comprehensive income/(loss) for the financial year		22,412	(10,913)
Profit/(loss) for the financial year attributable to:			
Equity holders of the Company		24,498	(12,223)
Non-controlling interests		(635)	(1,160)
Profit/(loss) for the financial year		23,863	(13,383)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 April 2019

	Group	
	2019	2018
	US\$'000	US\$'000
Total comprehensive income/(loss) for the financial year attributable to:		
Equity holders of the Company	23,171	(9,958)
Non-controlling interests	(759)	(955)
Total comprehensive income/(loss) for the financial year	22,412	(10,913)
Earnings/(loss) per share for profit/(loss) for the financial year attributable to equity holders of the Company (Note 11) (in US cents per share)		
Basic	12.79	(6.38)
Diluted	12.79	(6.38)

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

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2019

	Note	30.4.2019 US\$'000	Group 30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	Company 30.4.2018 US\$'000	1.5.2017 US\$'000
Assets							
Non-current assets							
Property, plant and equipment	12	41,326	45,165	54,163	-	-	-
Investment property	13	906	1,046	-	-	-	-
Land use rights	14	2,491	2,781	2,585	-	-	-
Goodwill arising on business combinations	15	-	-	4	-	-	-
Investments in subsidiaries	16	-	-	-	21	21	110,978
Total non-current assets		44,723	48,992	56,752	21	21	110,978
Current assets							
Inventories	17	2,173	652	-	-	-	-
Trade and other receivables	18	4,559	7,971	5,535	4,833	5,846	1,029
Cash and cash equivalents	19	503	1,262	6,888	36	66	5,116
		7,235	9,885	12,423	4,869	5,912	6,145
Land use rights	14	-	-	507	-	-	-
Total current assets		7,235	9,885	12,930	4,869	5,912	6,145
Total assets		51,958	58,877	69,682	4,890	5,933	117,123
Liabilities							
Non-current liability							
Borrowings	20	-	960	33,301	-	-	-
Current liabilities							
Trade and other payables	21	16,380	16,329	15,536	5,366	4,061	2,792
Contract liabilities	22	624	12	410	-	-	-
Borrowings	20	22,464	51,072	19,392	-	-	-
Deferred income	23	63	67	284	-	-	-
Total current liabilities		39,531	67,480	35,622	5,366	4,061	2,792
Total liabilities		39,531	68,440	68,923	5,366	4,061	2,792
Net assets/(liabilities)		12,427	(9,563)	759	(476)	1,872	114,331
Equity							
Share capital	24	38,390	38,390	38,390	114,891	114,891	114,891
Accumulated losses		(31,848)	(56,879)	(42,905)	(117,968)	(115,620)	(3,161)
Foreign currency translation reserve		1,372	2,748	483	-	-	-
Statutory reserve	25	33	33	33	-	-	-
Other reserves	26	2,601	3,134	3,096	2,601	2,601	2,601
Total equity attributable to equity holders of the Company		10,548	(12,574)	(903)	(476)	1,872	114,331
Non-controlling interests		1,879	3,011	1,662	-	-	-
Total equity		12,427	(9,563)	759	(476)	1,872	114,331

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2019

	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Other reserves US\$'000	Total equity attributable to equity holders of the Company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Group								
Balance at 1 May 2018	38,390	(56,879)	2,748	33	3,134	(12,574)	3,011	(9,563)
Profit/(loss) for the financial year	-	24,498	-	-	-	24,498	(635)	23,863
<i>Other comprehensive loss:</i>								
Currency translation differences arising on consolidation	-	-	(1,327)	-	-	(1,327)	(124)	(1,451)
Total comprehensive income/ (loss) for the financial year	-	24,498	(1,327)	-	-	23,171	(759)	22,412
Transfer of other reserves upon disposal of subsidiaries	-	533	-	-	(533)	-	-	-
Disposal of subsidiaries (Note 16(d))	-	-	(49)	-	-	(49)	(373)	(422)
Balance at 30 April 2019	38,390	(31,848)	1,372	33	2,601	10,548	1,879	12,427

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2019

	Share capital US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Other reserves US\$'000	Total equity attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group								
Balance at 1 May 2017	38,390	(42,905)	483	33	3,096	(903)	1,662	759
Transfer to other reserves	-	(38)	-	-	38	-	-	-
Loss for the financial year	-	(12,223)	-	-	-	(12,223)	(1,160)	(13,383)
<i>Other comprehensive income:</i>								
Currency translation differences arising on consolidation	-	-	2,265	-	-	2,265	205	2,470
Total comprehensive (loss)/income for the financial year	-	(12,223)	2,265	-	-	(9,958)	(955)	(10,913)
Incorporation of a subsidiary	-	-	-	-	-	-	591	591
Increase in non-controlling interests resulted from waiver of debts within the Group's subsidiaries	-	(1,713)	-	-	-	(1,713)	1,713	-
Balance at 30 April 2018	38,390	(56,879)	2,748	33	3,134	(12,574)	3,011	(9,563)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2019

	Share capital US\$'000	Accumulated losses US\$'000	Other reserves US\$'000	Total equity US\$'000
Company				
Balance at 1 May 2018	114,891	(115,620)	2,601	1,872
Loss and total comprehensive loss for the financial year	–	(2,348)	–	(2,348)
Balance at 30 April 2019	114,891	(117,968)	2,601	(476)
Balance at 30 April 2017	114,891	(3,161)	2,601	114,331
Loss and total comprehensive loss for the financial year	–	(112,459)	–	(112,459)
Balance at 30 April 2018	114,891	(115,620)	2,601	1,872

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 April 2019

	Note	Group 2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		23,872	(13,383)
Adjustments for:			
Allowance for impairment on trade and other receivables		424	–
Amortisation of deferred income		–	(224)
Amortisation of land use rights		95	73
Bad debts written off		10	283
Depreciation of property, plant and equipment		2,453	3,024
Depreciation of investment property		72	–
Gain on assignment of loan obligations		–	(10,414)
Gain on disposal of subsidiaries		(37,087)	–
Impairment loss on goodwill		–	79
Impairment loss on property, plant and equipment		375	11,720
Interest expense		1,366	3,751
Interest income		(3)	(1)
Loss on disposal of land use rights		–	16
Loss on disposal of property, plant and equipment		33	5
Property, plant and equipment written off		–	530
Reversal of provision on litigation settlements		–	(1,289)
Unrealised gain on foreign exchange		–	(1,724)
Write back of long outstanding other payable		(274)	–
Write down of inventories		228	338
Operating cash flows before movements in working capital		(8,436)	(7,216)
Inventories		(1,749)	(990)
Trade and other receivables		1,663	(1,234)
Trade and other payables		1,714	1,233
Contract liability		624	–
Currency translation differences		1,562	(403)
Cash used in operations		(4,622)	(8,610)
Income tax paid, net		(9)	–
Interest income received		3	1
Net cash used in operating activities		(4,628)	(8,609)
Cash flows from investing activities			
Acquisitions of a subsidiary		–	(1,030)
Net cash inflow from disposal of subsidiaries	16(d)	622	–
Proceeds from disposal of property, plant and equipment		–	7
Purchase of property, plant and equipment	A	(4,512)	(2,468)
Net cash used in investing activities		(3,890)	(3,491)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 April 2019

		Group	
	Note	2019	2018
		US\$'000	US\$'000
Cash flows from financing activities			
Advances/loans from directors (net of repayments)		4,589	7,365
Advances/loans from related parties (net of repayments)		3,503	1,622
Loans from a former director (net of repayments)		–	86
Advances from immediate and ultimate holding company		254	58
Drawdown of loans from former immediate and ultimate holding company		–	136
Interest expense paid		(603)	(93)
Repayment of long-term bank loan, other borrowings and loans from Real Shine Capital Limited		–	(2,718)
Net cash generated from financing activities		7,743	6,456
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the financial year		(775)	(5,644)
Effect of currency translation on cash and cash equivalents		1,262	6,888
		16	18
Cash and cash equivalents at end of the financial year	19	503	1,262
Note A – Purchase of property, plant and equipment (“PPE”)			
Aggregate cost of PPE acquired	12	2,276	2,277
Add: Payables for PPE at 1 May	21	2,236	2,427
Less: Payables for PPE at 30 April	21	–	(2,236)
Net cash outflow for purchase of PPE		4,512	2,468

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

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

1 GENERAL

YORKSHINE HOLDINGS LIMITED (the “**Company**”) is a limited liability company incorporated in Singapore (“**SG**”) on 29 June 1989 under the Companies Act, Chapter 50 (the “**Act**”) and its shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) since 28 April 2008 and dual-listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**SEHK**”) since 6 December 2010.

The immediate and ultimate holding company of the Company is Golden Star Group Limited (“**Golden Star**”), a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling party of the Group is Mr. Zhu Jun.

The registered office of the Company is located at 24 Raffles Place, #10-05 Clifford Centre, Singapore 048621. The headquarters and principal place of business of the Group is located 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 16.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar (“**USD**” or “**US\$**”) and all financial information presented in USD are rounded to the nearest thousand (US\$’000) except when otherwise indicated.

The preparation of financial statements in conformity with SFRS(I) 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.

Use of estimates and judgements

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 judgement 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

Use of estimates and judgements (Continued)

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.

New and revised standards

In December 2017, the Accounting Standards Council ("**ASC**") issued the SFRS(I). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing rules of Singapore Exchange Limited ("**SGX**"), the Group has adopted SFRS(I) on 1 May 2018. These financial statements for the financial year ended 30 April 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 April 2018 were prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**").

In adopting SFRS(I) on 1 May 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 April 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 May 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("**SFRS(I) INT**") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or financial position of the Group and the Company.

A. First time adoption of SFRS(I)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 May 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application and transition to SFRS(I) did not have any significant impact on these financial statements and statements of financial position of the Group and the Company as at 30 April 2018 and 1 May 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

New and revised standards (Continued)

B. SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 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. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application. Updates to the Group's accounting policy have been made as required.

The impact upon the adoption of SFRS(I) 15 are described below.

Presentation of contract liabilities

Upon adoption of SFRS(I) 15, the Group has changed the presentation of advance payments from customers. Advance payments from customers classified as sales deposits received under trade and other payables of US\$12,000 as at 30 April 2018 and US\$410,000 as at 1 May 2017 were reclassified to contract liabilities.

C. SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 May 2018. It 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. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 May 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in accumulated losses and other components of equity as at 1 May 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

New and revised standards (Continued)

C. SFRS(I) 9 Financial Instruments (Continued)

The impact upon adoption of SFRS(I) 9 as at 1 May 2018 was as follows:

(i) Classification and measurement

Under SFRS(I) 9, the Group and the Company classify their financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 May 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Loans and receivables (including trade and other receivables (excluding prepayments, advance payment to supplier and value-added tax receivables) and cash and cash equivalents) as at 30 April 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 May 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarise the Group and the Company's required or elected reclassifications as at 1 May 2018 upon adoption on SFRS(I) 9:

	SFRS(I) 9 measurement category			
	Original carrying amount	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income
	US\$'000	US\$'000	US\$'000	US\$'000
FRS 39 measurement category				
<i>Loans and receivables</i>				
Group				
Trade and other receivables	1,563	–	1,563	–
Cash and cash equivalents	1,262	–	1,262	–
Company				
Trade and other receivables	5,846	–	5,846	–
Cash and cash equivalents	66	–	66	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

New and revised standards (Continued)

C. SFRS(I) 9 Financial Instruments (Continued)

(ii) Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets at amortised cost either on 12-month or lifetime basis.

At the date of initial application, the Group and the Company have assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results 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 2019 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:

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 May 2019. The Group does not expect the adoption of SFRS(I) 16 to have significant impact on its financial position and financial results for the financial year ended 30 April 2020.

(B) REVENUE

Sales of goods

The Group manufactures and trades in tinsplate products. Revenue is recognised at a point in time when goods are delivered to customer. Revenue from these sales is recognised based on the price specified in the contract. The customer is required to pay part of the contract price upon signing the contract and the remaining contract price is due immediately at the point when goods are delivered. The difference between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities. No element of financing is deemed present.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) 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.

(D) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries 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(e). 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.

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 statement of profit or loss and other 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) BASIS OF CONSOLIDATION (CONTINUED)

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, if any, 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 result 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 SFRS(I).

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.

(E) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

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 in respect of each class of non-current assets are in the range as follows:

	Number of years
Leasehold land and buildings	20 to 30
Plant and machinery	5 to 20
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 represents assets 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 (Note 2(s)). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) 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, and adjusted as appropriate, at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(H) 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 to the extent 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.

(I) INVESTMENT PROPERTY

Investment property is held to earn rental income and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 20 years. The residual values, useful lives and depreciation method of investment property is reviewed, and adjusted as appropriate, at each end of the reporting period. The effects of any revision are included in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) INVESTMENT PROPERTY (CONTINUED)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised 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.

(K) FINANCIAL ASSETS

The accounting policy for financial assets before 1 May 2018 are as follows:

Classification

The Group's only financial assets are loans and receivables. The classification depends on 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.

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, advance payment to suppliers and value-added tax receivables)" and "cash and cash equivalents" on the statements of financial position, except for non-current interest-free receivables from a subsidiary which have been considered to be part of the Company's net investment in subsidiary and accounted for in accordance with Note 2(c).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) FINANCIAL ASSETS (CONTINUED)

Recognition and derecognition

Regular way 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

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

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.

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.

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 statement 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) FINANCIAL ASSETS (CONTINUED)

The accounting policy for financial assets after 1 May 2018 onwards are as follows:

Recognition and derecognition

Regular way 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.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost. The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents and trade and other receivables. These debt instruments are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) FINANCIAL ASSETS (CONTINUED)

Impairment

The Group recognises an allowance for expected credit losses ("**ECLs**") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement 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.

(L) 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, bank overdrafts that form an integral part of the Group's cash management and excludes pledged cash at bank and fixed deposits.

(M) FINANCIAL LIABILITIES

Financial liabilities include trade and other payables and borrowings.

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 initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) 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.

(O) 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.

(P) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) 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 recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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.

(ii) When a Group entity is the lessor

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

(R) INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) 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.

(T) 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.

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.

(U) 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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(V) 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 that entity operates (the “**functional currency**”).

With effect from 1 May 2018, the Company changed its functional currency from United States Dollar (“**USD**”) to Hong Kong Dollar (“**HKD**”) due to changes in funding and financing arrangement which changes the currency in which the funds are generated.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in USD.

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, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

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 financial performance 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:

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) 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
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in 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 recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(V) FOREIGN CURRENCIES (CONTINUED)

Translation of Group entities' financial statements (Continued)

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.

(W) 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions concerning the future and judgements 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 JUDGEMENTS 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 judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

Going concern assumption

The Group reported a net cash used in operating activities for the financial year of US\$4,628,000 (2018: US\$8,609,000). As at 30 April 2019, the Group's current liabilities exceeded the current assets by US\$32,296,000 (2018: US\$57,595,000) and the Company's current liabilities exceeded the current assets by US\$497,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

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

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

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 2019 is appropriate after taking into consideration the following factors:

- (i) The immediate and ultimate holding company and ultimate controlling party of the Group agree to unconditionally provide continuous financial assistance to the Group in order to meet its obligations and to carry on its business for a period of not less than twelve months from the date of the letter of financial assistance, i.e. 10 July 2019. The amounts owing to immediate and ultimate holding company and ultimate controlling party of the Group amounted to US\$20,853,000;
- (ii) As disclosed in Note 12, a subsidiary within the tinplate manufacturing segment that suspended its operations since financial year ended 30 April 2015 has resumed its operations in May 2018 with revenue generation commencing June 2018; and
- (iii) The Group and the Company are able to obtain banking facilities for their working capital requirements for the next twelve months as and when required.

The Directors of the Company are of the view that the continuing financial support from the immediate and ultimate holding company is a key factor for the Group and the Company to continue their operations as going concerns. The Directors have assessed and are satisfied with the willingness and financial ability of the immediate and ultimate holding company to provide such financial support to the Group and the Company to meet their working capital requirements and obligations as and when they fall due.

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

- (i) Adopting a disciplined and prudent approach to capital allocation. Management shall constantly review capital expenditure and investment plans so as to manage a balanced business portfolio to optimise profitability;
- (ii) Improving operational performance by focusing on cost reduction and operation efficiency while exploring all the opportunities to increase the use of the capacity of the tinplate manufacturing plant; and
- (iii) Opening up financing channels and allocate resources to potentially growth business in order to create a balanced and growth portfolio. Management shall invest in new business with profitable and stable income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

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

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

Going concern assumption (Continued)

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 respectively.

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 Group entities, judgement is required by management to determine the primary economic environment in which the Group entities operate, the Group 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 Group entities' cost base are mainly denominated and settled in the respective local currency of the Group entities except for certain Group 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 Group entities is their respective local currency, other than those Group 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(f). 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.

The carrying amount of property, plant and equipment at 30 April 2019 and the depreciation charge for the financial year ended 30 April 2019 are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

3 CRITICAL ACCOUNTING JUDGEMENTS 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, investment property and land use rights in accordance with the accounting policy in Note 2(h). 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, the expected future cash flows from the asset or cash-generating unit and a suitable discount rate are required to compute the present value of those cash flows. These value-in-use calculations require the use of considerable judgements, 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.

Yorkshire New Material (Taizhou) Limited ("**YNMT**"), a PRC subsidiary within the tinsplate manufacturing segment that suspended its operations since the prior financial year ended 30 April 2015 has resumed its operations in May 2018. The aggregate net carrying value of property, plant and equipment and land use rights relating to YNMT as at 30 April 2019 was US\$41,290,000 (2018: US\$42,724,000) and US\$2,491,000 (2018: US\$2,162,000) respectively.

An impairment test to determine the recoverable amount of the property, plant and equipment and land use rights relating to YNMT was performed to assess whether any impairment loss is required as at 30 April 2019.

The recoverable amounts of property, plant and equipment and land use rights are determined from value-in-use calculations. The key assumptions and inputs for the value-in-use calculations are those regarding the sales volume, gross profit margin and discount rate. The sales volume and gross profit margin are based on past performances and future expectations in the market. Management estimates discount rates using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to their industry.

Based on impairment test performed, no further impairment loss on property, plant and equipment was recognised in the Group's profit or loss for the financial year ended 30 April 2019 (2018: US\$9,920,000) in order to adjust the carrying amount of the YNMT's property, plant and equipment to its recoverable amount as at 30 April 2019.

In addition, an impairment loss of US\$375,000 on property, plant and equipment relating to Organic Beer Hong Kong Limited ("**OBHK**") was recognised as at 30 April 2019 to adjust the carrying amount of OBHK's property, plant and equipment to its recoverable amount as at 30 April 2019.

The net carrying values of the Group's property, plant and equipment, investment property and land use rights at the end of the reporting period are disclosed in Notes 12, 13 and 14 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

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 financial year on terms agreed by the parties concerned:

	Note	Group 2019 US\$'000	2018 US\$'000
Loan interest paid/payable to related parties	(i)	54	13
Deemed interest expense on loans due to former immediate and ultimate holding company	(ii)	802	2,934
Loans from former immediate and ultimate holding company (net of repayments)	(ii)	–	136
Disposal of subsidiaries to a company wholly-owned by the executive Chairman	(iii)	–*	–
Loans from related parties	(iv)	10,881	9,828

* Amount less than US\$1,000

- (i) Loan interest was payable to a related party based on terms agreed by the party concerned. The related party refers to a company controlled by the Executive Chairman (2018: Mr. Chow Kin Wa (a former director of the Company) and Mr. Yu Wing Keung, Dicky (a former director of the Company)).
- (ii) The loans due to a former immediate and ultimate holding company are now collectively called the loans from New Page ("**New Page Loans**"). The New Page Loans are unsecured and interest-free and became repayable on demand. Part of the New Page Loans in the amount of US\$29,408,000 was derecognised from the Group upon the Disposals (see Note 20). As at the date of these financial statements, the loans have not been settled. Deemed interest expense of US\$802,000 (2018: US\$2,934,000) was recognised in profit or loss during the current financial year.
- (iii) During the current financial year ended 30 April 2019, the Group disposed of two subsidiaries Novo Commodities Limited and its subsidiaries ("**NCL**") and Novo Overseas Holdings Pte. Ltd. and its subsidiaries ("**NOHL**") to a company wholly-owned by the Executive Chairman for a consideration of US\$100.
- (iv) The related parties refer to companies controlled by the Executive Chairman and immediate and ultimate holding company.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

4 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Group	
	2019	2018
	US\$'000	US\$'000
Directors' fees	100	100
Salaries and bonuses	668	788
Contributions to defined contribution plans	10	14
	778	902
Comprise of amounts paid to:		
– Directors of the Company	361	404
– Other key management personnel	417	498
	778	902

Further details of the directors' remuneration are included in Note 9.

5 REVENUE

	Group	
	2019	2018
	US\$'000	US\$'000
Sales of goods:		
– Tinplate manufacturing	16,420	–

The Tinplate Manufacturing business which was suspended during the financial year ended 30 April 2015 has been undergoing the process of revitalisation. The Tinplate Manufacturing business resumed its operation in May 2018 and has been generating revenue since June 2018.

All revenue is recognised at a point in time.

6 OTHER INCOME

	Group	
	2019	2018
	US\$'000	US\$'000
Amortisation of deferred income (Note 23)	–	224
Gain on assignment of loan obligations (Note 20)	–	10,414
Gain on disposal of subsidiaries (Note 16(d))	37,087	–
Reversal of provision on litigation settlements (Note 21)	–	1,289
Government grants and land use rights tax refund	231	–
Sundry income	112	138
Write back of long outstanding other payables	274	–
	37,704	12,065

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

7 FINANCE COSTS

	Group	
	2019 US\$'000	2018 US\$'000
Bank charges	11	11
Bill receipts interest	40	–
Interest on bank borrowings	126	451
Interest on other borrowings:		
– current year	398	389
– over-accrued in respect of previous financial year	–	(23)
Deemed interest expense on interest-free loans due to former immediate and ultimate holding company	802	2,934
	1,377	3,762

8 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is determined after charging/(crediting):

	Group	
	2019 US\$'000	2018 US\$'000
Audit fees paid to:		
– auditor of the Company		
– Current year	131	146
– Under provision in prior year	247	–
– other auditors*	73	58
Non-audit fees paid to:		
– auditor of the Company	16	–
– other auditors*	46	–
Amortisation of land use rights (Note 14)	95	73
Allowance for impairment on trade and other receivables	424	–
Bad debts written off	10	283
Depreciation of property, plant and equipment (Note 12)	2,453	3,024
Depreciation of investment property (Note 13)	72	–
Impairment loss of goodwill (Note 15)	–	79
Impairment loss on property, plant and equipment (Note 12)	375	11,720
Loss on disposal of land use rights	–	16
Loss on disposal of property, plant and equipment	33	5
Material costs recognised as an expense in cost of sales	15,214	–
Net loss/(gain) on foreign exchange	1,162	(1,343)
Professional and consultancy fee	675	949
Property, plant and equipment written off	–	530
Rental expenses	676	837
Staff costs (Note 9)	2,224	2,870
Write down of inventories	228	338

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

9 STAFF COSTS

	Group	
	2019	2018
	US\$'000	US\$'000
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	2,179	2,706
– Contributions to defined contribution plans	45	164
	2,224	2,870

(a) Fees paid to independent non-executive Directors:

	Group	
	2019	2018
	US\$'000	US\$'000
Foo Teck Leong	34	34
Tang Chi Loong	32	32
William Robert Majcher	34	34
	100	100

There were no other emoluments payable to the independent non-executive Directors during the financial years ended 30 April 2019 and 30 April 2018.

(b) REMUNERATION OF EXECUTIVE DIRECTORS

	Salaries and benefits in-kind	Defined contribution plans	Total remuneration
	US\$'000	US\$'000	US\$'000
Group			
2019			
Zhu Jun	–	–	–*
Wang Jianqiao	231	2	233
Lei Yonghua	28	–	28
	259	2	261
2018			
Zhu Jun	–	–	–*
Wang Jianqiao	231	2	233
Chow Kin Wa	69	2	71
	300	4	304

* less than US\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

9 STAFF COSTS (CONTINUED)

(b) REMUNERATION OF EXECUTIVE DIRECTORS (CONTINUED)

There were no arrangements under which a Director waived or agreed to waive any remuneration during the financial years ended 30 April 2019 and 30 April 2018.

During the financial years ended 30 April 2019 and 30 April 2018, 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.

(c) FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the Group for the financial year included one (2018: one) Director, details of whose remuneration are set out in Note 9(b) above. Details of the remaining four (2018: four) highest paid employees for the financial year are as follows:

	Group	
	2019	2018
	US\$'000	US\$'000
Salaries and bonus	409	419
Contributions to defined contribution plans	8	8
	417	427

The remuneration of these 4 highest paid employees fell within the following bands:

	Group	
	2019	2018
Over HKD2,000,000	–	–
HKD1,500,001 to below HKD2,000,000	–	–
HKD1,000,001 to below HKD1,500,000	–	–
HKD500,001 to below HKD1,000,000	4	4
	4	4

During the financial years ended 30 April 2019 and 30 April 2018, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

10 INCOME TAX EXPENSE

	Group	
	2019	2018
	US\$'000	US\$'000

Income tax expense attributable to profit/(loss) is made up of:

Under provision of current income tax in respect of previous financial years	9	–
--	---	---

The income tax expense 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	
	2019	2018
	US\$'000	US\$'000
Profit/(loss) before tax	23,872	(13,383)
Tax at the domestic rates applicable to profits/(losses) in the countries where the Group operates	3,594	(3,076)
Expenses not deductible for tax purposes	693	941
Income not subject to tax	(6,419)	–
Deferred tax assets not recognised	2,132	2,153
Under provision of current income tax in respect of previous financial years	9	–
Utilisation of previously unrecognised tax losses	–	(18)
	9	–

No provision for Singapore income tax has been made as the Group entities in Singapore have no assessable profits for the financial years ended 30 April 2019 and 30 April 2018. The statutory Singapore income tax rate is 17% (2018: 17%).

No provision for Hong Kong Profits Tax has been made as the Group entities in Hong Kong have no assessable profits for the financial years ended 30 April 2019 and 30 April 2018. The statutory HK income tax rate is 16.50% (2018: 16.50%).

No provision for PRC enterprise income tax has been made as the Group entities in PRC have no assessable profits for the financial years ended 30 April 2019 and 30 April 2018. The PRC enterprise income tax rate is 25% (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

10 INCOME TAX EXPENSE (CONTINUED)

UNRECOGNISED DEFERRED TAX ASSETS

At 30 April 2019, the Group has unrecognised tax losses of US\$59,094,000 (2018: US\$66,297,000) 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\$13,617,000 (2018: US\$14,933,000) 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.

The unrecognised tax losses of the PRC subsidiaries amounting to US\$43,621,000 (2018: US\$45,926,000) are available for carry forward up to five years from the year of loss against future taxable profits/income of the PRC subsidiaries in which the tax losses arose. Unrecognised tax losses of US\$4,528,000 (2018: US\$525,000) of the PRC subsidiaries has expired during the financial year.

11 EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share is calculated based on the Group's profit/(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 2019 and 30 April 2018.

	Group	
	2019	2018
	US\$'000	US\$'000
Profit/(loss) for the financial year attributable to equity holders of the Company	24,498	(12,223)
	Number of ordinary shares	
	2019	2018
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share	191,484,269	191,484,269

There were no potentially dilutive ordinary shares in existence during the financial years ended 30 April 2019 and 30 April 2018 and therefore the diluted earnings/(loss) per share amounts for those years were the same as the basic earnings/(loss) per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings US\$'000	Plant and machinery US\$'000	Furniture, fixtures and computer equipment US\$'000	Motor vehicles US\$'000	Renovation US\$'000	Construction work-in- progress US\$'000	Total US\$'000
2019							
Cost							
Balance at 1 May 2018	7,574	55,573	632	676	428	3,938	68,821
Additions	264	227	150	11	-	1,624	2,276
Disposal of subsidiaries	-	-	(131)	(100)	(115)	(2,168)	(2,514)
Disposals	-	(36)	(7)	(73)	-	-	(116)
Reclassifications	798	-	-	-	-	(798)	-
Currency translation differences	(468)	(3,416)	(24)	(17)	-	(253)	(4,178)
Balance at 30 April 2019	8,168	52,348	620	497	313	2,343	64,289
Accumulated depreciation and impairment losses							
Balance at 1 May 2018	718	19,822	484	668	164	1,800	23,656
Depreciation charge	347	1,943	96	5	62	-	2,453
Disposal of subsidiaries	-	-	(131)	(100)	(115)	(1,800)	(2,146)
Disposals	-	(7)	(3)	(73)	-	-	(83)
Impairment losses	-	159	28	-	188	-	375
Currency translation differences	(42)	(1,215)	(18)	(17)	-	-	(1,292)
Balance at 30 April 2019	1,023	20,702	456	483	299	-	22,963
Representing:							
Accumulated depreciation	1,023	10,623	428	483	111	-	12,668
Accumulated impairment losses	-	10,079	28	-	188	-	10,295
	1,023	20,702	456	483	299	-	22,963
Net carrying value							
Balance at 30 April 2019	7,145	31,646	164	14	14	2,343	41,326

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold land and buildings US\$'000	Plant and machinery US\$'000	Furniture, fixtures and computer equipment US\$'000	Motor vehicles US\$'000	Renovation US\$'000	Construction work-in- progress US\$'000	Total US\$'000
2018							
Cost							
Balance at 1 May 2017	6,182	50,246	674	698	188	5,003	62,991
Additions	203	711	77	-	218	1,068	2,277
Acquisition of subsidiary	-	-	15	-	48	-	63
Disposals	-	-	(177)	(68)	-	-	(245)
Written off	-	-	-	-	-	(530)	(530)
Reclassifications	2,211	-	-	-	-	(2,211)	-
Reclassified to investment property (Note 13)	(1,456)	-	-	-	(26)	-	(1,482)
Currency translation differences	434	4,616	43	46	-	608	5,747
Balance at 30 April 2018	7,574	55,573	632	676	428	3,938	68,821
Accumulated depreciation and impairment losses							
Balance at 1 May 2017	861	6,615	527	670	155	-	8,828
Depreciation charge	310	2,578	93	12	31	-	3,024
Acquisition of subsidiary	-	-	-	-	4	-	4
Disposals	-	-	(173)	(60)	-	-	(233)
Impairment losses	-	9,920	-	-	-	1,800	11,720
Reclassified to investment property (Note 13)	(502)	-	-	-	(26)	-	(528)
Currency translation differences	49	709	37	46	-	-	841
Balance at 30 April 2018	718	19,822	484	668	164	1,800	23,656
Representing:							
Accumulated depreciation	718	9,902	484	668	164	-	11,936
Accumulated impairment losses	-	9,920	-	-	-	1,800	11,720
	718	19,822	484	668	164	1,800	23,656
Net carrying value							
Balance at 30 April 2018	6,856	35,751	148	8	264	2,138	45,165
Balance at 1 May 2017	5,321	43,631	147	28	33	5,003	54,163

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At the end of the reporting period, property, plant and equipment with the following net carrying values are pledged for borrowings (Note 20):

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Leasehold land and buildings	7,145	6,856	5,321
Plant and machinery	31,633	35,555	43,631
Furniture, fixtures and computer equipment	155	80	99
Motor vehicles	14	7	7
Construction work-in-progress	2,343	1,736	2,987
	41,290	44,234	52,045

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

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Long leasehold land and building in Shanghai, the PRC	-	-	1,031
Long leasehold buildings in Jiangsu province, the PRC	7,145	6,856	4,290
	7,145	6,856	5,321

During the current financial year, a review of the recoverable amounts of the property, plant and equipment ("PPE") of the Group as at 30 April 2019 was carried out. An impairment loss totaling US\$375,000 (2018: US\$11,720,000) was recognised in the Group's profit or loss.

YNMT

The recoverable amount of the PPE relating to YNMT, the major operating subsidiary, was determined based on its value-in-use calculations. The 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 terminal year growth rate of 3% (2018: 3%), which does not exceed the average long-term growth rate for the relevant industry. The pre-tax discount rate used to discount the cash flow forecasts is 14% (2018: 14%). As a result of the review, no additional allowance for impairment was considered necessary for YNMT's PPE the financial year ended 30 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

YNMT (CONTINUED)

The key assumptions used in the value-in-use calculations are those regarding the sales volume, terminal year growth rate and discount rate. The sensitivity analysis on the changes in these key assumptions on the recoverable amount of the YNMT's PPE are as follows:

	Estimated recoverable amount US\$'000	(Decrease)/ increase in impairment charge US\$'000
Sales volume		
– 5% higher	56,340	(9,920)
– 5% lower	34,753	9,028
Terminal year growth rate		
– 1% point higher	49,287	(5,506)
– 1% point lower	42,429	1,352
Discount rate		
– 1% point higher	39,564	4,217
– 1% point lower	52,781	(9,000)

OBHK

As a result of the review, an impairment loss of US\$375,000 is recognised in the Group's profit or loss for the year ended 30 April 2019 to fully impair the property, plant and equipment as OBHK is inactive and in capital deficiency position as at 30 April 2019 and there is no future plan for the operation of OBHK.

XHDD

An impairment loss of US\$1,800,000 was recognised on XHDD's PPE as at 30 April 2018. The equity interest of XHDD was disposed of in September 2018.

The fair value measurements for the above-mentioned recoverable amounts are categorised in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

13 INVESTMENT PROPERTY

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Cost			
Balance at beginning of financial year	1,618	–	–
Reclassified from property, plant and equipment (Note 12)	–	1,482	–
Currency translation differences	(100)	136	–
Balance at end of financial year	1,518	1,618	–
Accumulated depreciation			
Balance at beginning of financial year	572	–	–
Depreciation charge	72	–	–
Reclassified from property, plant and equipment (Note 12)	–	528	–
Currency translation differences	(32)	44	–
Balance at end of financial year	612	572	–
Net carrying value			
Balance at end of financial year	906	1,046	–

The investment property held by the Group at the end of the reporting period is as follows:

Properties	Tenure	Group	
		30.4.2019	30.4.2018
		US\$'000	US\$'000
Property 1	50-year lease commencing from 24 April 2009	906	1,046

Property 1 comprises a commercial office located at Unit 316, No. 2 of 2899 Alley, Guangfuxi Road, Putuo District, Shanghai, the PRC.

At the end of the reporting period, the investment property is pledged to secure revolving loan granted to a PRC subsidiary of the Group (Note 20).

The estimated fair value of the Group's investment property at the end of the reporting period is US\$1,248,000 (2018: US\$1,093,000). The fair value is determined by directors based on the property's highest and best use using the direct comparison with recent transactions of comparable properties within the vicinity after considering differences in tenure size, age and condition of the properties. The fair value measurement is categorised in the Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

13 INVESTMENT PROPERTY (CONTINUED)

The following amounts are recognised in profit or loss:

	Group	
	30.4.2019	30.4.2018
	US\$'000	US\$'000
Rental income	46	59
Direct operating expenses arising from investment property that generated rental income	(72)	(77)

14 LAND USE RIGHTS

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Cost			
Balance at beginning of financial year	3,198	3,437	4,526
Disposals	–	(540)	(782)
Currency translation differences	(221)	301	(307)
Balance at end of financial year	2,977	3,198	3,437
Accumulated amortisation			
Balance at beginning of financial year	417	345	329
Amortisation charge	95	73	95
Disposals	–	(32)	(57)
Currency translation differences	(26)	31	(22)
Balance at end of financial year	486	417	345
Net carrying value			
Balance at end of financial year	2,491	2,781	3,092
Amount to be amortised or disposed of:			
– Not later than one financial year	95	76	577
– Later than one financial year but not later than five financial years	381	302	279
– Later than five financial years	2,015	2,403	2,236
	2,491	2,781	3,092

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

14 LAND USE RIGHTS (CONTINUED)

The Group's land use rights are classified in the statements of financial position as follows:

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Current	–	–	507
Non-current	2,491	2,781	2,585
	2,491	2,781	3,092

The details of the land use rights at 30 April 2019 are as follows:

Location	Lease period	Land area (square metres)
Xinghua City, Jiangsu province, the PRC	July 2011 to February 2058	26,669.60
Xinghua City, Jiangsu province, the PRC	August 2011 to February 2058	23,288.00
Xinghua City, Jiangsu province, the PRC	January 2012 to January 2062	15,655.60
Xinghua City, Jiangsu province, the PRC	April 2013 to January 2063	21,673.60
Xinghua City, Jiangsu province, the PRC	April 2014 to June 2063	7,998.40
Xinghua City, Jiangsu province, 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\$2,491,000 (2018: US\$2,781,000) are pledged to Real Shine Capital Limited and revolving credit facilities to secure certain borrowings granted to one of the PRC subsidiaries (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

15 GOODWILL ARISING ON BUSINESS COMBINATIONS

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Cost			
Balance at beginning of financial year	79	4	4
Acquisition of subsidiary	–	75	–
Disposal of subsidiaries (Note 16(d))	(4)	–	–
Balance at end of financial year	75	79	4
Accumulated impairment losses			
Balance at beginning of financial year	79	–	–
Impairment loss charge	–	79	–
Disposal of subsidiaries (Note 16(d))	(4)	–	–
Balance at end of financial year	75	79	–
Net carrying value			
Balance at end of financial year	–	–	4

IMPAIRMENT TEST FOR GOODWILL

Goodwill acquired in a business combination is allocated, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Tinplate manufacturing	–	4	4
Organic Beer	75	75	–
	75	79	4

In FY2018, an impairment loss of US\$79,000 on goodwill arising on business combinations has been recognised in the Group's profit or loss as these subsidiaries had been persistently making losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 INVESTMENTS IN SUBSIDIARIES

	30.4.2019	Company	
		30.4.2018	1.5.2017
	US\$'000	US\$'000	US\$'000
<i>Unquoted equity shares at cost</i>			
Balance at beginning of financial year	79,481	79,481	79,463
Incorporation/acquisition of new subsidiaries	–	–	18
Disposal of subsidiaries	(75,902)	–	–
Balance at end of financial year	3,579	79,481	79,481
Impairment losses	(3,558)	(79,460)	–
Net carrying amount	21	21	79,481
Amount due from subsidiary	–	31,497	31,497
Impairment losses	–	(31,497)	–
Net carrying amount	–	–	31,497
	21	21	110,978

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

Movements in impairment losses on investments in subsidiaries during the financial year are as follows:

	Company	
	30.4.2019	30.4.2018
	US\$'000	US\$'000
Balance at beginning of financial year	79,460	–
Impairment losses recognised in profit or loss	–	79,460
Disposal of subsidiaries	(75,902)	–
Balance at end of financial year	3,558	79,460

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Movements in impairment losses on amount due from subsidiary during the financial year are as follows:

	Company	
	30.4.2019	30.4.2018
	US\$'000	US\$'000
Balance at beginning of financial year	31,497	–
Impairment losses recognised in profit or loss	–	31,497
Written off	(31,497)	–
Balance at end of financial year	–	31,497

During the previous financial year, an impairment test for the investments in subsidiaries was performed. As most of the Company's subsidiaries are inactive and in capital deficiency position as at 30 April 2018, an impairment loss of US\$79,460,000 was recognised in the Company's profit or loss during the previous financial year ended 30 April 2018 to adjust these subsidiaries to their recoverable amounts. The recoverable amounts of these investments have been determined based on net assets value of the subsidiaries as at 30 April 2018, which approximate the recoverable amounts of the investments in the subsidiaries.

The amount due from subsidiary is not expected to be recovered as the subsidiary has been inactive and is in capital deficiency position as at 30 April 2018. Accordingly, the Company recognised full impairment loss on amount due from subsidiary amounting to US\$31,497,000 in the Company's profit or loss during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(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		
				30.4.2019 %	30.4.2018 %	1.5.2017 %
Held by the Company						
NOVO COMMODITIES LIMITED** ^(f)	HK	HK\$8,000,000	Trading and investment	-	100	100
NOVO OVERSEAS HOLDINGS PTE. LTD. ^(f)	SG	SG\$200,000	Investment holding	-	100	100
NOVO COMMODITIES PTE. LTD. ^(g) ("NCPL")	SG	SG\$200,000	Trading and investment	100	100	100
GLOBAL WEALTH TRADING LIMITED [#]	BVI	US\$10	Investment holding	100	100	100
Novo Development Limited [#]	BVI	US\$10	Investment holding	100	100	100
Novo Management Services Limited ^{†*} ^(g) ("NMSL")	HK	HK\$1	Investment holding and provision of management services	100	100	100
NOVO COAL PTE. LTD. [®]	SG	SG\$1	Investment holding	100	100	100
STAR COSMOS DEVELOPMENTS LIMITED [#]	BVI	US\$5,000	Investment holding	100	100	100
STAR PROMISE INVESTMENTS LIMITED [#]	BVI	US\$5,000	Investment holding	100	100	100
Red Gold Group Limited [#]	BVI	US\$5,000	Investment holding	100	100	100
Shining Fire Group Limited [#]	BVI	US\$5,000	Investment holding	100	100	100
Sunshine Star Group Limited [#]	BVI	US\$5,000	Investment holding	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 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		
				30.4.2019 %	30.4.2018 %	1.5.2017 %
Held by NOVO COMMODITIES LIMITED (HK)						
NOVO COMMODITIES PRIVATE LIMITED ^{#(e)(d)(f)}	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	100
Held by Novo Development Limited (BVI)						
Novo Development Limited [®]	HK	HK\$10	Investment holding	100	100	100
Held by Qiang Hua Trading Limited						
Qiang Hua (Shanghai) Trading Limited ^{***^Δ}	The PRC	RMB20,000,000	Trading and investment	80	80	80
Held by STAR COSMOS DEVELOPMENTS LIMITED						
Golden Star (HK) Corporate Management Limited ^{**}	HK	HK\$1,000	Investment holding and provision of management services	100	100	100
GOLDEN STAR CORPORATE MANAGEMENT PTE. LTD. [®]	SG	SG\$1,000	Business and management consultancy services	100	100	100
GOLDEN STAR (HK) CORPORATE INVESTMENT LIMITED [®]	HK	HK\$1,000	Investment holding	100	100	100
Held by GOLDEN STAR (HK) CORPORATE INVESTMENT LIMITED						
YORKSHINE TRADING (GUANGZHOU) LIMITED ^{***^Δ}	The PRC	HK\$350,000	Trading	100	100	-
Held by STAR PROMISE INVESTMENTS LIMITED						
ORGANIC BEER HONG KONG LIMITED [®]	HK	HK\$13,000,000	Manufacturing and trading of organic beer	60	60	-
Held by Shining Fire Group Limited						
YORKSHINE ASSET MANAGEMENT LIMITED [®]	HK	HK\$5,000,000	Investment holding	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 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		
				30.4.2019 %	30.4.2018 %	1.5.2017 %
Held by Red Gold Group Limited						
RED GOLD (HK) LIMITED [®]	HK	HK\$10,000	Trading	100	100	100
Novo ETP Limited [®]	HK	HK\$10,000	Investment holding	100	100	–
Novo Lamination Limited [®]	HK	HK\$10,000	Investment holding	100	100	–
Wah Shun Storage Limited [®]	HK	HK\$10,000	Investment holding	100	100	–
Held by Sunshine Star Group Limited						
THE PAYMENT CARDS GLOBAL LIMITED**	HK	HK\$30,000,000	Investment holding	55	55	55
Held by NOVO OVERSEAS HOLDINGS PTE. LTD.						
Novosteel DMCC ^{(c)(f)}	United Arab Emirates	AED200,000	Trading	–	100	100
Novo Commodities PTE Ltd ^(b)	BVI	US\$10	Investment holding	–	100	100
Novo Investment Limited ^(f)	BVI	US\$10	Investment holding	–	100	100
Novo ETP Limited ^(b)	BVI	US\$10	Investment holding	–	100	100
Novo Power Limited ^(f)	HK	HK\$10	Investment holding	–	100	100
Held by NOVO COAL PTE. LTD.						
PT. NOVO COAL ^(a)	Indonesia	US\$500,000	Trading	100	100	100
Held by Novo Investment Limited (BVI)						
NOVO INVESTMENT LIMITED ^(f)	HK	HK\$10,000	Investment holding	–	100	100
Held by NOVO INVESTMENT LIMITED (HK)						
Qingdao Novo Port Investment Logistic Limited ^{(a)(f)}	The PRC	RMB6,348,200	Warehousing and wholesaling	–	100	100
Held by Qiang Hua (Shanghai) Trading Limited¹						
Hua Qiang (Shanghai) Trading Limited ^{*****Δ}	The PRC	RMB5,000,000	Trading and investment	80	80	80

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 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		
				30.4.2019 %	30.4.2018 %	1.5.2017 %
Held by Hua Qiang (Shanghai) Trading Limited^d						
Taizhou Hua Yong Trading Limited ^{****^Δ}	The PRC	RMB5,000,000	Trading	80	80	80
Held by Novo ETP Limited (HK)						
Yorkshine New Material (Taizhou) Limited ^{****^Δ}	The PRC	US\$20,580,000	Manufacturing, distribution, import and export, technology consultancy and development	95	95	95
Novowell International Trading (Shanghai) Company Limited ^{****^Δ}	The PRC	US\$1,000,000	Wholesale, import and export	100	100	100
Held by Wah Shun Storage Limited (HK)						
Xing Hua City Daduo Sewage Treatment Co., Ltd. ^{****^Δ (e)}	The PRC	RMB7,000,000	Sewage Treatment	-	57	57
Wah Shun Storage (Taizhou) Limited ^{****^Δ}	The PRC	US\$1,000,000	General storage, property service and corporate management consultancy	100	100	100
Held by Novo ETP Limited						
Novo ETP Limited [®]	HK	HK\$10,000	Investment holding	-	-	100
Novo Lamination Limited [®]	HK	HK\$10,000	Investment holding	-	-	100
Wah Shun Storage Limited [®]	HK	HK\$10,000	Investment holding	-	-	100
Held by Novo Management Services Limited (HK)						
NOVO COMMODITIES (HK) LIMITED ^{** (g)}	Republic of Seychelles	US\$1	Investment holding	100	100	100
Held by Novo Power Limited (HK)						
Guang Dong Yong Peng Import and Export Trading Co., Ltd. ^{^^Δ(e)(f)}	The PRC	RMB10,000,000	Wholesale, import and export	-	51	51

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 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		
				30.4.2019 %	30.4.2018 %	1.5.2017 %
Held by Novo Lamination Limited (HK)						
Novowell Lamination Technology (Taizhou) Limited ^{****Δ}	The PRC	US\$2,030,000	Manufacturing, sales and distribution	100	100	100
Held by Wah Shun Storage (Taizhou) Limited						
Taizhou Hua Yong Storage Limited ^{*****Δ}	The PRC	RMB40,000,000	General storage, property service and management consultancy	100	100	100

* audited by Baker Tilly TFW LLP

** audited by Baker Tilly Hong Kong Limited

*** audited by Baker Tilly China Certified Public Accountants LLP

⊙ audited by other Certified Public Accountants

not required to be audited in the country 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

Δ unofficial English translation

(a) in the process of deregistration

(b) struck off from the register during the financial year ending 30 April 2019

(c) trading license expired on 25 August 2015

(d) Ma Yiu Ming holds 1% of the paid-up capital in this company in trust for the Group

(e) the Group has on 21 September 2018 signed an agreement for disposing Xing Hua City Daduo Sewage Treatment Co., Ltd.^Δ to Xinghua City Xingjin Waste and Waste Recycling station^Δ

(f) NCL and NOHL were sold to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company for a consideration of US\$100 (equivalent to approximately HK\$780) on 15 April 2019

(g) NMSL and NCPL were sold to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company for a consideration of US\$100 (equivalent to approximately HK\$780) on 20 June 2019

(b) SIGNIFICANT RESTRICTIONS

Cash and cash equivalents of US\$276,000 (2018: US\$289,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

At 30 April 2019, 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		
		30.4.2019 %	30.4.2018 %	1.5.2017 %
Yorkshire New Material (Taizhou) Limited ("YNMT")	The PRC	5	5	5
THE PAYMENT CARDS GLOBAL LIMITED ("TPCGL")	HK	45	45	45

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. This financial information includes consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	YNMT			TPCGL		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
Non-current assets	45,819	44,696	51,623	-	-	-
Current assets	22,923	25,276	21,228	3,141	3,142	3,179
Non-current liabilities	(18,835)	(24,291)	(22,324)	-	-	-
Current liabilities	(34,821)	(26,638)	(29,835)	(3)	(3)	(4)
Net assets	15,086	19,043	20,692	3,138	3,139	3,175
Net assets attributable to NCI	754	952	1,035	1,412	1,413	1,429

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised Statement of Profit or Loss and Other Comprehensive Income

	YNMT		TPCGL	
	30.4.2019 US\$'000	30.4.2018 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000
Revenue	16,418	-	-	-
Loss before tax	(2,610)	(3,684)	(2)	(36)
Income tax expense	-	-	-	-
Loss for the financial year	(2,610)	(3,684)	(2)	(36)
Other comprehensive (loss)/income for the financial year	(1,348)	2,034	-	-
Total comprehensive loss for the financial year	(3,958)	(1,650)	(2)	(36)
Total comprehensive loss for the financial year allocated to NCI	(198)	(83)	(1)	(16)
Dividends paid to NCI	-	-	-	-

Summarised Statement of Cash Flows

	YNMT		TPCGL	
	30.4.2019 US\$'000	30.4.2018 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000
Cash flows generated from/(used in) operating activities	(2,802)	(6,290)	-	-
Cash flows used in investing activities	(2,214)	(1,793)	(45)	(1,178)
Cash flows generated from financing activities	4,983	8,270	-	-
Net (decrease)/increase in cash and cash equivalents	(33)	187	(45)	(1,178)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) DISPOSAL OF SUBSIDIARIES

On 21 September 2018, the Group disposed of its entire 60% equity interest in Xing Hua City Daduo Sewage Treatment Co., Ltd. ("XHDD") for a consideration of RMB4.2million (approximately US\$624,000).

On 15 April 2019, the Group disposed of its 100% equity interest in two subsidiaries, NCL and NOHL for considerations of HK\$390 (approximately US\$50) and HK\$390 (approximately US\$50) respectively.

The effect of the disposal of subsidiaries on the cash flows of the Group are as follows:

	2019
	US\$'000
Carrying amounts of assets and liabilities disposed of:	
Property, plant and equipment	368
Trade and other receivables	795
Cash and bank balances	2
Trade and other payables	(1,797)
Borrowings	(35,409)
Net identifiable liabilities	(36,041)
Non-controlling interests	(373)
Foreign currency translation reserve	(49)
Net identifiable liabilities disposed of	(36,463)
Gain on disposal of the subsidiaries	37,087
Proceed from disposal of the subsidiaries	624
Less: Cash and bank balances of the subsidiaries disposed of	(2)
Net cash inflow on disposal of the subsidiaries	622

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

17 INVENTORIES

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Raw materials	552	162	–
Finished goods	998	490	–
Work-in-progress	516	–	–
Packaging material consumables	107	–	–
	2,173	652	–

At the end of the reporting period, the inventories with carrying amount of US\$2,153,000 (2018: US\$622,000) have been pledged as security for borrowings granted to the Group (Note 20).

18 TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade and bill receivables	169	245	111	–	–	–
Other receivables	1,005	624	886	–	–	6
	1,174	869	997	–	–	–
Less: allowance for impairment	(39)	–	–	–	–	–
	1,135	869	997	–	–	–
Advance payment to suppliers	1,979	1,158	2	–	–	–
Amounts due from subsidiaries	–	–	–	5,854	6,083	1,019
Amounts due from non-controlling shareholder of the subsidiary	385	397	–	–	–	–
Deposits	185	297	254	–	–	–
Prepayments	499	801	744	–	–	4
Value-added tax receivables	761	4,449	3,538	–	–	–
	3,809	7,102	4,538	5,854	6,083	1,029
Less: allowance for impairment	(385)	–	–	(1,021)	(237)	–
	3,424	7,102	4,538	4,833	5,846	1,029
	4,559	7,971	5,535	4,833	5,846	1,029

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in allowance for impairment on amounts due from subsidiaries during the financial year are as follows:

	Company	
	30.4.2019	30.4.2018
	US\$'000	US\$'000
Balance at beginning of financial year	237	–
Allowance made	1,021	237
Write off	(237)	–
Balance at end of financial year	1,021	237

Credit loss allowance on trade receivables and amounts due from non-controlling shareholder of the subsidiary recognised as expenses amounted to US\$39,000 (2018: US\$Nil) and US\$385,000 (2018: US\$Nil) in the Group respectively.

Trade and bill receivables of US\$169,000 (2018: US\$245,000) were pledged to Real Shine Capital Limited (“RSCL”) for borrowings (Note 20) after the completion of loan assignment between China CITIC Bank International and RSCL.

At the end of the reporting period, the Group endorsed certain bills receivables in the PRC (the “**Derecognised Bills**”) with a carrying amount in aggregate of US\$2,493,000 (2018: US\$Nil) to certain of its suppliers in order to settle the trade and other payables due to such suppliers. The Derecognised Bills have a maturity period of one to twelve months at the end of the reporting period. In accordance with the laws in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade and other payables. The maximum exposure to loss from the continuing involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s continuing involvement in the Derecognised Bills are not significant to the financial statements taken as a whole.

The amounts due from subsidiaries and non-controlling shareholder of the subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade and bill receivables and other receivables is as follows:

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Not past due and not impaired	918	848	822
Past due but not impaired:			
– 0 to 1 month	123	–	–
– More than 1 month to 3 months	–	–	29
– More than 3 months to 12 months	–	–	82
– More than 12 months	94	21	64
	217	21	175
Past due and impaired	39	–	–
	1,174	869	997

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

	Group			Company		
	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Chinese Renminbi (“ RMB ”)	270	297	252	–	–	–
Singapore Dollar (“ SGD ”)	–	67	70	8	33	11
Hong Kong Dollar (“ HKD ”)	258	733	289	–	6,050	974
	528	1,097	611	8	6,083	985

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

19 CASH AND CASH EQUIVALENTS

	Group			Company		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
Cash on hand and at bank (unpledged portion)	441	1,195	6,827	36	66	5,116
Cash at margin accounts (non-restricted)	62	67	61	–	–	–
	503	1,262	6,888	36	66	5,116

The cash at bank at the end of the reporting period generally earns interests ranging from 0.001% to 0.3% (2018: 0.001% to 3.08%) 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.

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

	Group			Company		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
HKD	159	927	5,418	–	28	5,086
Others	37	35	24	8	29	20
	196	962	5,442	8	57	5,106

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

20 BORROWINGS

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Non-current liabilities			
Loans from related parties	–	–	150
Loans from former immediate and ultimate holding company	–	–	29,513
Loans from Real Shine Capital Limited	–	960	–
Other borrowings	–	–	3,638
	–	960	33,301
Current liabilities			
Bank loan	–	–	14,201
Loan from a director	7,987	6,653	–
Loan from a former director	350	417	331
Loans from related parties	4,990	1,734	–
Loans from former immediate and ultimate holding company	4,718	33,335	739
Loan from Real Shine Capital Limited	2,041	960	–
Revolving credit facility	2,378	2,535	2,321
Other borrowings	–	5,438	1,800
	22,464	51,072	19,392
	22,464	52,032	52,693

Related parties comprise mainly companies which the executive chairman or former directors have substantial financial interests.

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

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
USD	91	–	14,201
HKD	5,503	23,654	22,427
	5,594	23,654	36,628

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

20 BORROWINGS (CONTINUED)

(a) TERMS AND CONDITIONS

- (i) Loan from a director and a former director are unsecured, interest-free and repayable within one financial year from the end of the reporting period.
- (ii) Loans from related parties are unsecured, interest-free and repayable on demand except for US\$4,990,000 (2018: US\$Nil) which bear interest rate at 1% per annum (2018: Nil).
- (iii) The revolving credit facility is secured, bears interest at 4.78 % and repayable in November 2019.
- (iv) Loans from former immediate and ultimate holding company are unsecured, interest-free and repayable on 1 August 2018.

Pursuant to a letter dated 11 July 2018 (the "**2018 Letter**") addressed to the Company and five of its subsidiaries (the "**Relevant Subsidiaries**"), New Page Investments Limited ("**New Page**"), a former immediate and ultimate holding company, demanded that the Company and the Relevant Subsidiaries to repay on or before 1 August 2018 (being the maturity date of the Loan Agreements) a total sum of US\$33,248,000 (the "**New Page Loans**"), being the aggregate outstanding amount due from the Relevant Subsidiaries to New Page pursuant to various loan agreements entered into between each of the Relevant Subsidiaries and New Page between 2015 and 2016 (and as extended by various extension letters in 2017) (the "**Loan Agreements**").

By a letter dated 15 May 2019, New Page again demanded the Company to pay the sum of US\$33,248,000, within the next 7 days from the date of the letter.

The Company has demanded supporting documents in particular the remittance and transactions to substantiate the validity of the New Page Loans. As at the date when these financial statements were approved for issue by the Board of Directors, neither legal demand for settlement nor reply for information requested has been received from New Page.

The Relevant Subsidiaries are in net liabilities position and have been inactive with no business operations for more than a year. On 15 April 2019, the Group disposed of two of the Relevant Subsidiaries (the "**Disposal Transaction**") to a company wholly-owned by Mr. Zhu Jun, the Executive Chairman, the Executive Director and controlling shareholder of the Company for a consideration of US\$100. The Disposal Transaction was completed in April 2019. Upon completion, the two Relevant Subsidiaries are no longer consolidated to the Group. The Board of Directors are of the view that with the Disposal Transaction, the Group is no longer liable to New Page for the loans of US\$29,408,000. The amount due to the former immediate and ultimate holding company was reduced to US\$4,718,000 as at 30 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

20 BORROWINGS (CONTINUED)

(a) TERMS AND CONDITIONS (CONTINUED)

(v) Loan from Real Shine Capital Limited ("**RSCL**"), including accrued interest are due as follows:

	US\$'000
On 5 August 2019	1,531
On 5 December 2019	510
	2,041

(vi) Other borrowings comprise import and export credit facility from a strategic partner to one of the Relevant Subsidiaries under the Disposal Transaction mentioned under item (iv) above with the original intent to facilitate the working capital requirement of the Group for a total principal sum of US\$5,438,000, of which US\$3,600,000 have been due on or before 31 December 2018 whilst US\$1,838,000 shall be due by 31 December 2019. Upon completion of the Disposal Transaction in April 2019, the amount due to the strategic partner as at 30 April 2019 was derecognised from the Group. The Board of directors are of the view that the Group is no longer liable for this liability.

(b) SECURITIES PLEDGED AS COLLATERALS

(i) Loan from RSCL which was granted to YNMT, one of the PRC 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 12 and 14); and
- Floating charge over the remaining assets of YNMT.

(ii) The revolving credit facility is secured by legal mortgages over the investment property, land use rights and plant and machinery of PRC subsidiaries.

(c) INTEREST RATES

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

	30.4.2019	Group 30.4.2018	1.5.2017
	%	%	%
Bank loan	-	-	5.28
Revolving credit facility	4.78	4.79	9.90
Loans from related parties	1.00	8.40	8.40
Loans from Real Shine Capital Limited	5.00	5.00	-
Other borrowings	-	6.00	6.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

20 BORROWINGS (CONTINUED)

(d) FAIR VALUES

The borrowings classified under current liabilities as at 30 April 2019 and 30 April 2018 are repayable within one financial year from the end of the reporting period.

Based on the discounted cash flows method using the following discount rates 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:

	30.4.2019	Group	
	%	30.4.2018	1.5.2017
		%	%
Loans from a related party	-	-	8.40
Loans from former immediate and ultimate holding company	-	-	10.00
Loans from Real Shine Capital Limited	-	5.00	-
Other borrowings	-	-	6.00

This fair value measurement for disclosures purposes is categorised in the Level 3 of the fair value hierarchy.

(e) DEFAULT AND BREACHES

In connection with loans from former immediate and ultimate holding were disclosed in Note 20(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

20 BORROWINGS (CONTINUED)

(f) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES.

	Advances/ loans from director (Notes 20 and 21) US\$'000	Loans from a former director US\$'000	Advances/ loans from related parties (Notes 20 and 21) US\$'000	Advances/ loans from former immediate and ultimate holding company US\$'000	Loans from Real Shine Capital Limited US\$'000	Revolving credit facility US\$'000	Other borrowings US\$'000	Amount due to immediate and ultimate holding company (Note 21) US\$'000	Total US\$'000	
2019										
Balance at beginning of financial year	8,693	417	1,776	33,335	1,920	2,535	5,438	2,731	56,845	
Changes from financing cash flows:										
- Drawdown	4,591	-	6,034	-	-	-	-	256	10,881	
- Repayments	(2)	-	(2,531)	-	-	-	-	(2)	(2,535)	
- Interest paid	-	-	(398)	-	(96)	(109)	-	-	(603)	
Non-cash changes										
- Interest expense	-	225	53	802	120	126	-	-	1,326	
- Disposal of subsidiaries (Note 16(d))	-	(525)	(38)	(29,408)	-	-	(5,438)	-	(35,409)	
- Reclassification from other payable	-	233	(150)	-	-	-	-	-	83	
Changes in interest payable	-	-	344	-	20	(16)	-	-	348	
Effect of changes in foreign exchange rate	(410)	-	(98)	(11)	77	(158)	-	4	(596)	
Balance at end of financial year	12,872	350	4,992	4,718	2,041	2,378	-	2,989	30,340	
2018										
Balance at beginning of financial year	14,201	1,328	331	154	30,252	-	2,321	5,438	2,673	56,698
Changes from financing cash flows:										
- Drawdown	-	7,365	127	2,142	136	-	-	58	9,828	
- Repayments	-	-	(41)	(520)	-	(2,718)	-	-	(3,279)	
- Interest paid	-	-	-	(7)	-	(86)	-	-	(93)	
Non-cash changes										
- Interest expense	398	-	-	20	2,934	43	30	326	3,751	
- Gain on assignment of loan obligations	(10,414)	-	-	-	-	-	-	-	(10,414)	
- Assignment of loan obligation	(4,638)	-	-	-	4,638	-	-	-	-	
Changes in interest payable	-	-	-	(13)	-	(43)	(326)	-	(326)	
Repayment using the proceed from disposal of land use rights	(492)	-	-	-	-	-	-	-	(492)	
Effect of changes in foreign exchange rate	945	-	-	-	13	214	-	-	1,172	
Balance at end of financial year	-	8,693	417	1,776	33,335	1,920	2,535	5,438	2,731	56,845

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

21 TRADE AND OTHER PAYABLES

	Group			Company		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
Trade and bill payables	457	273	250	–	–	–
Accrued operating expenses	3,120	4,853	4,437	545	614	547
Other payables	4,927	4,154	4,417	6	6	–
Other payables for property, plant and equipment	–	2,236	2,427	–	–	–
Amount due to director	4,885	2,040	1,328	–	–	–
Amounts due to related parties	2	42	4	–	–	–
Amounts due to subsidiaries	–	–	–	4,253	2,879	1,718
Amount due to immediate and ultimate holding company	2,989	2,731	2,673	562	562	527
	16,380	16,329	15,536	5,366	4,061	2,792

The amounts due to immediate and ultimate holding company, subsidiaries, director and related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

In 2018, YNMT entered into settlement agreements with its contractor and employees, which reduced the claim against YNMT from RMB26.27 million to RMB17.87 million and recorded a gain of RMB8.4 million (approximately US\$1,289,000) from the settlement of the litigations (Note 6) and approximately RMB15.35 million has been paid.

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

	Group		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
0 to 3 months	164	–	–
More than 3 months to 6 months	–	–	–
More than 6 months to 12 months	–	–	–
More than 12 months	293	273	250
	457	273	250

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

	Group			Company		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
RMB	291	334	285	–	37	143
HKD	718	5,242	508	–	3,064	1,414
SGD	581	495	538	1,514	937	616
USD	716	–	84	6	–	–
	2,306	6,071	1,415	1,520	4,038	2,173

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

22 CONTRACT LIABILITIES

The Group receives payments from customers based on a billing schedule as established in the contracts. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers.

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Contract liabilities	624	12	410

There is no significant change in the contract liabilities balances during the financial year.

23 DEFERRED INCOME

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Grants-related to assets			
Cost			
Balance at beginning of financial year	1,023	1,133	1,411
Written off upon disposal of land use rights	–	(196)	(189)
Disposal of subsidiaries (Note 16(d))	(956)	–	–
Currency translation differences	(4)	86	(89)
Balance at end of financial year	63	1,023	1,133
Accumulated amortisation			
Balance at beginning of financial year	956	849	657
Amortisation charge	–	224	426
Written off upon disposal of land use rights	–	(196)	(189)
Disposal of subsidiaries (Note 16(d))	(956)	–	–
Currency translation differences	–	79	(45)
Balance at end of financial year	–	956	849
Net carrying value			
Balance at end of financial year	63	67	284

Deferred income refers to government grant received from PRC government for financing a project and purchase of a piece of land.

These grants has been amortised over the useful lives of the property, plant and equipment and the land use rights for which these grants were given (Notes 12 and 14).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

24 SHARE CAPITAL

	2019		2018	
	No. of ordinary shares	US\$'000	No. of ordinary shares	US\$'000
Group				
Balance at beginning and end of financial year	191,484,269	38,390	191,484,269	38,390
Company				
Balance at beginning and end of financial year	191,484,269	114,891	191,484,269	114,891

There was no issue of new shares during the current financial year.

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.

25 STATUTORY RESERVE

The PRC subsidiaries are required to transfer not 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.

26 OTHER RESERVES – NON-DISTRIBUTABLE

	Group			Company		
	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
Net gain on disposal of treasury shares	2,601	2,601	2,601	2,601	2,601	2,601
Capital reserve *	–	533	495	–	–	–
	2,601	3,134	3,096	2,601	2,601	2,601

* 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 province, the PRC. The government grant received was 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 equity holders of the Company that was amortised to profit or loss during the financial year. The beneficiary of the grant is XHDD, on which the Group's equity interest was disposed of on 21 September 2018, during the financial year ended 30 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

27 COMMITMENTS

OPERATING LEASE COMMITMENTS

Where the Group is a lessee

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

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Not later than one financial year	172	846	283
Later than one financial year but not later than five financial years	–	223	69
	172	1,069	352

Where the Group is a lessor

The Group lease out investment property to third party under non-cancellable operating leases arrangements. The leases have an average tenure of one year.

At the end of the reporting period, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Not later than one financial year	51	57	–

28 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 fair value hierarchy has the following levels.

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) 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
- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

28 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE BUT WHICH FAIR VALUES ARE DISCLOSED

The carrying amounts of non-current borrowings approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective interest rates of the agreements or market lending rate at the initial measurement date. The basis of determining fair values for disclosure purposes at the end of the reporting period are disclosed in Note 20.

The basis of determining fair value of the investment property for disclosure at the end of the reporting period is disclosed in Note 13.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

29 FINANCIAL INSTRUMENTS

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments at the end of the reporting period are as follows:

	Group			Company		
	30.4.2019	30.4.2018	1.5.2017	30.4.2019	30.4.2018	1.5.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<i>Financial assets</i>						
Loans and receivables (including cash and cash equivalents)	-	2,825	8,139	-	5,912	6,141
Financial assets at amortised cost	1,823	-	-	4,869	-	-
<i>Financial liabilities</i>						
At amortised cost	38,844	68,361	68,229	5,366	4,061	2,792

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29 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.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("**ECL**"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, when assessing whether credit risk has increased significantly since initial recognition, the Group considers existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Significant increase in credit risk (Continued)

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Maximum exposure and concentration of credit risk

The Company has significant concentration of credit risk exposure arising on amounts due from subsidiaries (Note 18). Non-trade balances due from subsidiaries are repayable on demand. The Company has made impairment allowance for expected credit losses of US\$1,021,000 based on estimation of recoverable amounts from management's review of current status of the existing receivables and the financial conditions of the subsidiaries as at the end of the reporting period.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The credit loss for trade receivables, cash and cash equivalents and other receivables are immaterial as at 30 April 2019.

Credit quality of financial assets

The table below details the credit quality of the Group's and the Company's financial assets as at 30 April 2019:

		Gross carrying amount	Loss allowance	Net carrying amount
	12-month or lifetime ECL	US\$'000	US\$'000	US\$'000
Group				
Trade and bill receivables	Lifetime – credit-impaired	169	(39)	130
Other receivables and deposits	12-month (Exposure limited)	1,190	–	1,190
Amounts due from non-controlling shareholders of the subsidiary	Lifetime – credit-impaired	385	(385)	–
Cash and cash equivalents	Not applicable (Exposure limited)	503	–	503
Company				
Due from subsidiaries	12-month	4,833	–	4,833
	Lifetime – credit-impaired	1,021	(1,021)	–
Cash and cash equivalents	Not applicable (Exposure limited)	36	–	36

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Movements in credit loss allowance

There are no movement in the allowance for impairment of financial assets under SFRS(I) 9 during the financial year for the Group and Company except for the following:

	Amounts due from non- controlling shareholder of the subsidiary	Trade and bill receivables	Amounts due from subsidiaries
	US\$'000	US\$'000	US\$'000
Group and Company			
Balance at 1 May 2018	–	–	237
Loss allowance measured/(reversed):			
Lifetime ECL			
– Credit-impaired	385	39	1,021
Receivables written off as uncollectable	–	–	(237)
Balance at 30 April 2019	385	39	1,021

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

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 that are neither past due nor impaired are placed with reputable financial institutions or companies which are regulated and with good credit ratings.

Financial assets that are either past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

Information regarding financial assets that are either past due and/or impaired is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

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 and the Company rely on continuing financial support from its immediate and ultimate holding company to meet their obligations as and when they fall due.

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.

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.

	30.4.2019			30.4.2018			1.5.2017		
	Less than 1 year US\$'000	1 to 5 years US\$'000	Total US\$'000	Less than 1 year US\$'000	1 to 5 years US\$'000	Total US\$'000	Less than 1 year US\$'000	1 to 5 years US\$'000	Total US\$'000
Group									
Trade and other payables	16,380	-	16,380	16,329	-	16,329	15,536	-	15,536
Borrowings	22,103	-	22,103	52,406	978	53,384	19,437	37,460	56,897
	38,483	-	38,483	68,735	978	69,713	34,973	37,460	72,433
Company									
Trade and other payables	5,366	-	5,366	4,061	-	4,061	2,792	-	2,792

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 former director, related parties, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

At the end of the reporting period, the profile of the Group's interest-bearing financial instruments are as follows:

	30.4.2019	Group	
	US\$'000	30.4.2018	1.5.2017
		US\$'000	US\$'000
Fixed rate instruments			
Financial assets	62	67	61
Financial liabilities	9,409	11,494	22,110
Variable rate instruments			
Financial assets	441	1,195	40

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 is not expected to have a significant impact on the Group's net result.

The financial assets and financial liabilities of the Group are non-interest bearing.

Foreign currency risk

Foreign currency risk arises from transactions denominated in currencies other than the respective functional currencies of the Group entities. 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.

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\$196,000 (2018: US\$962,000) of the Group's cash and cash equivalents, US\$528,000 (2018: US\$1,097,000) of the Group's trade and other receivables, US\$2,306,000 (2018: US\$6,071,000) of the Group's trade and other payables and US\$5,594,000 (2018: US\$23,654,000) of the Group's borrowings are denominated in non-functional currencies.

At the end of the reporting period, US\$8,000 (2018: US\$57,000) of the Company's cash and cash equivalents, US\$8,000 (2018: US\$6,083,000) of the Company's trade and other receivables and US\$1,520,000 (2018: US\$4,038,000) of the Company's trade and other payables are denominated in non-functional currencies.

The sensitivity analysis for foreign exchange risk is not disclosed as the effect on the profit/(loss) after tax is considered not significant if the foreign currencies changes against the SGD by 5% (2018: 5%) with all other variables including tax rate being held constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

30 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. The Group and the Company rely on continuing financial support from its immediate and ultimate holding company to meet their obligations as and when they fall due. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2019 and 30 April 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total 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. At the end of the reporting period, the Group's gearing ratio is 78% (2018: 100%).

	Group	
	2019	2018
	US\$'000	US\$'000
Borrowings	22,464	52,032
Trade and other payables	16,380	16,329
	38,844	68,361
Less: Cash and cash equivalents	(503)	(1,262)
Net debt	38,341	67,099
Total equity attributable to equity holders of the Company	10,548	(12,574)
Capital and net debt	48,889	54,525
	2019	2018
	%	%
Gearing ratio	78	100

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 April 2019 and 30 April 2018 except for those default and breaches as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

31 SEGMENT INFORMATION

The Group is organised into business units based on its business segments purposes. The reportable segments for the FY2019 and FY2018 were summarised as 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.

Business segments	Remarks
(a) tinplate manufacturing ("Tinplate Manufacturing business")	Started revitalisation in late FY2015. Resumed production in May 2018, beginning of FY2019
(b) trading of iron ore, coal and steel products across the globe ("Trading & Distribution business")	Suspended the trades throughout FY2019

The segment information provided to management for the reportable segments is as follows:

	Trading & Distribution US\$'000	Tinplate manufacturing US\$'000	Eliminations US\$'000	Total US\$'000
2019				
Segment revenue to:				
– sales to external customers	–	16,420	–	16,420
Segment results	–	(4,061)	–	(4,061)
Other income	37,150	554	–	37,704
Other costs	(4,947)	(3,447)	–	(8,394)
Finance costs	(1,032)	(345)	–	(1,377)
Profit/(loss) before tax	31,171	(7,299)	–	23,872
Income tax expense	(9)	–	–	(9)
Profit/(loss) for the financial year	31,162	(7,299)	–	23,863
Assets and liabilities				
Segment assets	1,616	50,342	–	51,958
Segment liabilities	15,716	23,815	–	39,531
Other segment information				
Capital expenditure	63	2,213	–	2,276
Depreciation and amortisation	224	2,396	–	2,620
Non-cash items other than depreciation and amortisation	(36,782)	(31)	–	(36,813)
Impairment loss on property, plant and equipment	375	–	–	375

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

31 SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments is as follows: (Continued)

	Trading & Distribution US\$'000	Tinplate manufacturing US\$'000	Eliminations US\$'000	Total US\$'000
2018				
Segment revenue to:				
- sales to external customers	-	-	-	-
Segment results	-	-	-	-
Other income	105	11,960	-	12,065
Other costs	(4,898)	(16,788)	-	(21,686)
Finance costs	(1,749)	(2,013)	-	(3,762)
Loss before tax	(6,542)	(6,841)	-	(13,383)
Income tax expense	-	-	-	-
Loss for the financial year	(6,542)	(6,841)	-	(13,383)
Assets and liabilities				
Segment assets	3,515	55,362	-	58,877
Segment liabilities	31,706	36,734	-	68,440
Other segment information				
Capital expenditure	478	1,799	-	2,277
Depreciation and amortisation	173	2,924	-	3,097
Non-cash items other than depreciation and amortisation	3,037	(10,799)	-	(7,762)
Impairment loss on property, plant and equipment	-	11,720	-	11,720
2017				
Assets and liabilities				
Segment assets	8,433	61,249	-	69,682
Segment liabilities	43,408	25,515	-	68,923

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2019

31 SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

The Group's operations are located in one (2018: one) main geographical area. The turnover by geographical segments is 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		
	2019 US\$'000	2018 US\$'000	30.4.2019 US\$'000	30.4.2018 US\$'000	1.5.2017 US\$'000
PRC	16,420	–	44,723	48,992	56,752

Non-current assets information presented above are non-current assets as presented on the statements of financial position.

INFORMATION ABOUT MAJOR CUSTOMER

Revenue of approximately US\$3,638,000 during the financial year ended 30 April 2019 was derived from 1 major external customer who individually contributed 10% or more of the Group's revenue and are attributable to the Tinplate manufacturing segment.

There was no revenue recorded during the financial year ended 30 April 2018.

32 RECONCILIATION BETWEEN SFRS(I) AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the financial years ended 30 April 2019 and 30 April 2018, 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 SFRS(I) and IFRSs.

33 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 20 June 2019, the Group disposed of two subsidiaries NCPL and NMSL to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company for a consideration of HK\$780 (equivalent to approximately US\$100) (the "Disposal"). Given that the two disposed subsidiaries have been inactive with no business operations for more than a year and are still in net liability position as at the date of disposal, the Directors are of the view that the foregoing disposal (together with the consideration) is fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board will continue to review and assess the group structure and the overall financial position of the Group and carry out further restructurings as and when appropriate. Upon completion of the Disposal, each of NCPL and NMSL will cease to be subsidiaries of the Company, approximately US\$6.5 million net liabilities will be derecognised from the Group.

34 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 2019 were authorised for issue in accordance with a resolution of the Board of Directors dated 10 July 2019.

FIVE-YEAR FINANCIAL SUMMARY

	2019 US\$'000	2018 US\$'000	2017 US\$'000	2016 US\$'000	2015 US\$'000
Revenue	16,420	–	101,826	102,221	225,857
Profit/(loss) for the financial year attributable to equity holders of the Company	24,498	(12,223)	(9,274)	(10,895)	(22,104)
Non-current assets	44,723	48,992	56,752	63,147	78,836
Current assets	7,235	9,885	12,930	83,348	79,762
Total assets	51,958	58,877	69,682	146,495	158,598
Total liabilities	(39,531)	(68,440)	(68,923)	(143,345)	(142,066)
Non-controlling interests	(1,879)	(3,011)	(1,662)	(834)	(2,435)
Total equity/(equity deficit) attributable to the equity holders of the Company	10,548	(12,574)	(903)	2,316	14,097
Earnings/(loss) per share (in US cents)	12.79	(6.38)	(4.98)	(6.38)	(12.94)

SHAREHOLDING STATISTICS

As at 10 July 2019

Issued and fully paid	:	S\$163,192,179.92
Number of shares with voting rights	:	191,484,269
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

% of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares (excluding treasury share and subsidiary holdings) — 0%

SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	Direct interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Zhu Jun	700,000	0.37	126,803,668	66.22	127,503,668	66.59
Golden Star Group Limited	126,803,668	66.22	0	0	126,803,668	66.22

Note:

- (1) Zhu Jun is deemed to be interested in 126,803,668 Shares held by Golden Star as he is the legal and beneficial owner of 100% of the issued and paid up capital in Golden Star, and a director of Golden Star. Zhu Jun and Golden Star held their Shares directly and through their nominee securities accounts.

PUBLIC SHAREHOLDINGS

Based on information available to the Company as at 10 July 2019, approximately 33.41% 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 HK Listing Rules were complied with.

SHAREHOLDING STATISTICS

As at 10 July 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1,133	70.46	15,888	0.01
100 – 1,000	175	10.88	47,771	0.03
1,001 – 10,000	190	11.82	866,016	0.45
10,001 – 1,000,000	108	6.72	4,545,326	2.37
1,000,001 and above	2	0.12	186,009,268	97.14
Total	1,608	100.00	191,484,269	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HKSCC NOMINEES LIMITED ⁽ⁱ⁾	173,922,337 ⁽ⁱⁱ⁾	90.83
2	GOLDEN STAR GROUP LIMITED	12,086,931	6.31
3	UOB KAY HIAN PRIVATE LIMITED ⁽ⁱ⁾	373,299	0.19
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD ⁽ⁱ⁾	335,500	0.18
5	NGAN FAI WONG	300,000	0.16
6	RAFFLES NOMINEES (PTE) LIMITED ⁽ⁱ⁾	285,611	0.15
7	MAYBANK KIM ENG SECURITIES PTE. LTD. ⁽ⁱ⁾	250,062	0.13
8	PHUAY YONG HEN	187,500	0.10
9	LE NGOC MY	173,250	0.09
10	CITIBANK NOMINEES SINGAPORE PTE LTD ⁽ⁱ⁾	152,574	0.08
11	TAY CHIN KONG STEVEN	125,000	0.07
12	SOHN YANG YOUNG	123,750	0.06
13	TAY AH KIANG	116,000	0.06
14	ANG DE YU	87,000	0.05
15	LAU KIT CHING	60,500	0.03
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED ⁽ⁱ⁾	60,311	0.03
17	TEY SIOK LEE	60,000	0.03
18	DBS NOMINEES (PRIVATE) LIMITED ⁽ⁱ⁾	52,707	0.03
19	ONG SWEE HEE	50,000	0.03
20	TAN TIONG LEI	50,000	0.03
Total		188,852,332	98.64

(i) Stockbroker, nominees or registered dealer in securities

(ii) Included 700,000 Shares of Zhu Jun and 114,716,737 Shares under Golden Star Group Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhu Jun (*executive Chairman*)
Mr. Lei Yonghua
(*since 21 March 2019*)
Ms. Wang Jianqiao

NON-EXECUTIVE DIRECTOR

Dr. Ouyang Qian

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Foo Teck Leong
Mr. William Robert Majcher
Mr. Tang Chi Loong

AUDIT COMMITTEE

Mr. Foo Teck Leong (*Chairman*)
Mr. William Robert Majcher
Mr. Tang Chi Loong

NOMINATING COMMITTEE

Mr. Zhu Jun (*Chairman*)
Mr. Foo Teck Leong
Mr. William Robert Majcher
Mr. Tang Chi Loong

REMUNERATION COMMITTEE

Mr. Tang Chi Loong (*Chairman*)
Mr. Foo Teck Leong
Mr. William Robert Majcher
Dr. Ouyang Qian
Mr. Zhu Jun

AUTHORISED REPRESENTATIVES

Mr. Zhu Jun
Ms. Wang Jianqiao
(*since 14 January 2019*)
Ms. Lau Jeanie
(*from 7 August 2018 to 14 January 2019*)
Mr. Kwok Siu Man
(*until 7 August 2018*)

COMPANY SECRETARIES

Mr. Srikanth Rayaprolu
Mrs. Fung Lui Kit Har, Keziah
(*since 1 March 2019*)
Ms. Lau Jeanie
(*from 7 August 2018 to 14 January 2019*)
Mr. Kwok Siu Man
(*Until 7 August 2018*)

COMPANY'S WEBSITE

www.yorkshinegroup.com

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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68 Mody Road, Kowloon
Hong Kong
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Fax: (852) 3708 1899

REGISTERED OFFICE

24 Raffles Place
#10-05 Clifford Centre
Singapore 048621
Tel: (65) 6323 2213
Fax: (65) 6323 2667

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE (SINGAPORE)

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE (HONG KONG)

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/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: Sim Guan Seng
(*financial year appointed: FY2019*)

FINANCIAL CALENDAR

FY2019

Financial year end	30 April 2019
Announcement of FY2019 1Q results, period ended 31 July 2018	6 May 2019
Announcement of FY2019 2Q results, period ended 30 October 2018	16 May 2019
Announcement of FY2019 3Q results, period ended 31 January 2019	16 May 2019
Announcement of FY2019 full year results	10 July 2019
Despatch of Annual Report to Shareholders	31 July 2019
Annual General Meeting	30 August 2019

FY2020

Financial year end	30 April 2020
Announcement of FY2020 1Q results, period ended 31 July 2019	12 September 2019

YORKSHINE HOLDINGS LIMITED
焯新控股有限公司*

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