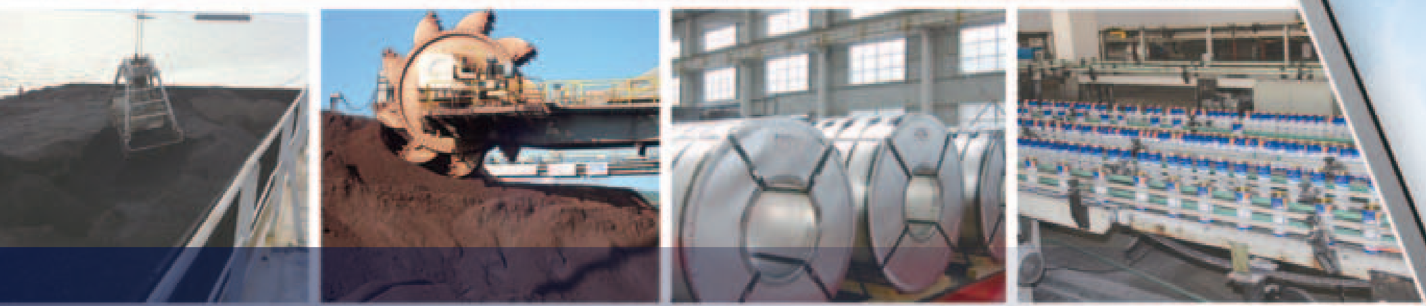
NOVO GROUP LTD.
新源控股有限公司*

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

* *For identification purpose only*



Annual Report 2012

Spearing Ahead in Unity

Contents

NOVO GROUP LTD.

Annual Report 2012

Milestones

NOVO GROUP

2012

- Completed Construction of ETP Manufacturing Project
- Signed Letter of Interest for Phase 2 ETP Manufacturing Project
- Signed Joint Venture Agreement for Tianjin Steel Processing Project
- Awarded "Singapore International Top 100" Ranking

2011

- Invested in Jiangsu ETP Manufacturing Project

2010

- Commenced Construction of Tianjin Steel Processing Project
- Listed in Stock Exchange of Hong Kong (Stock code: 1048)

2009

- Awarded ISO9001:2008 Certificates
  - Quality Management of Import and Export Trading of Scrap Steel
  - Stockholding and Supply of Reinforcement Steel Bars

2008

- Listed in Stock Exchange of Singapore (Stock code: MR8)

2005

- Novo Group Founded

Vision

To be the best producer for the food and beverage packaging industry and the top-in-class value chain supplier for the coal and iron & steel industries.

Mission

To attain excellence for all our stakeholders: product performance for customers, financial performance for shareholders and job dynamism for all staff members.

Corporate Spirit

"Novo" is novelty, initiative, creativity, and future. We believe success of our business lies in the people we have: the skill, professionalism and energy to push the Group to the next level in the spirit of bringing Trust, Value, Partnership and Returns to our stakeholders and business partners.




Our Business Model

The major business activities of NOVO GROUP LTD. together with its subsidiaries ("**Novo**" or the "**Group**") comprise of trading and distribution of coal, iron ore and steel products. The trading and distribution operation of the Group has been operating under two business segments (i) international trading and (ii) domestic trading and distribution.

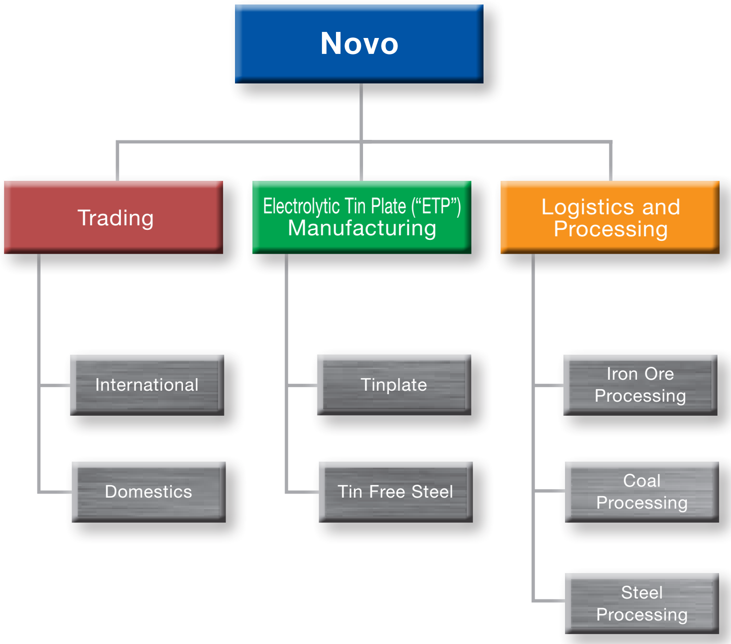
For the steel trading and distribution operation, the Group sources goods from all over the globe and sell it to worldwide clients, with North Asia being the main focal point. In fact, the Group also supplies steel products and related raw materials directly to both steel mills and end users. The current business structure allows the Group to source bulk quantities from steel mills and at the same time assists steel mills in sourcing related raw materials with competitive costs.

The Group has started coal trading since 2009, and mainly sources from Indonesia which provides overall competitive advantage in the market. The Group has targeted to supply directly to power plants, cement plants (for thermal coal) and steel mill business partners (for metallurgical coal) in recent years. With a clear direction, the coal trading activities, which attributed to a major portion of the Group's revenues, has been increasing over the years. In FY2012, the coal trading portion of the Group, in terms of tonnages, has increased in multiple-folds.

On top of the trading and distribution operation, the Group also provides a full range of integrated logistics and trade services to customers, such services include sourcing services, logistics liaison services, insurance services arrangement, and financing services. All of our revenues during the year under review were derived from our core business of trading and distribution. The Group generated most of the revenues from international trade segment, and the remaining revenues from domestic trade segment. Although the Group does not generate significant revenues from the logistics and other supporting services, the breadth of integrated logistics services that the Group offered distinguishes itself from competitors among the industry, and the Group believes the complementary services provided is one of the important factors in building customer loyalty, attracting new customers and retaining quality customers.

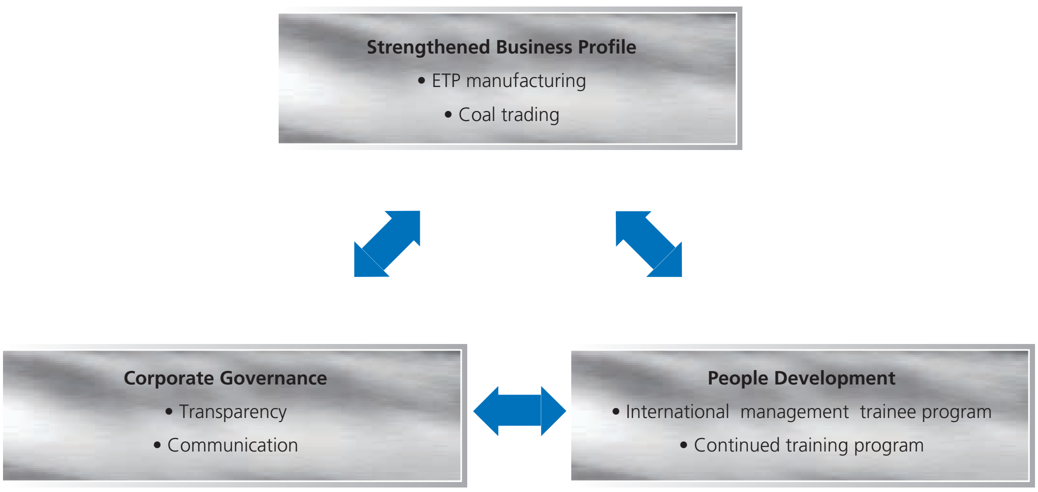
The Group's business model is further augmented by extending its business to manufacturing operations. The new tinplate manufacturing plant in Jiangsu (upstream) and the planned steel processing project in Tianjin (downstream) are both first steps in expanding into the manufacturing and processing business. Through upstream expansion, the Group can concentrate to produce high quality steel product-tinplate, and control the key elements of the value chain of food and beverage packaging industry. The Group is also confident that it will generate more profit by further downstream with more value-added in tinplate printing, can making and canning processes. The vertical integration has been essential to the development and the successful expansion of Novo, and it will firmly entrench the Group as one of the market leaders in the food and beverage packaging industry.

Business Divisions



What we did in FY2012?

The global economic uncertainties, the European debt crisis, the struggling economy of the USA and coupling with the concerns of economic measures in China continue to weigh on global growth. Novo has focused on 3 areas to sustain business development. A series of corporate strategies integrated with action plans was established and embed within our operations. The diagram below demonstrates our key achievements related to set objectives in FY2012.



Strengthened Business Profile

With many years of dedicated effort infused into its business development, Novo has been dedicated to build an ambitious and glorious business. The Group has gained a coveted reputation in the steel industry and has tried to maximize shareholders' value. 2012 is a year filled with challenges and opportunities, and we have demonstrated a super strong strategic formulation with clear focus and initiatives to overcome the obstacles and seize the opportunities. The Group intends to strengthen its business profile and tap into a new frontier by extending the core business from trading to manufacturing and processing.

In 2011, the Group has announced the plan to setup a new ETP Manufacturing plant in Jiangsu Province. The ETP project is backed by a team of technical experts who are considered as one of the premier expert teams with significant experience in the tinplate, canning and packaging industry. Such strategic move allows the Group to supply competitive tinplate products in high quality which are suitable for food and beverage packaging. Moreover, the project is very much supported by local government and business counterparts in related industries.

* Rolling mill workshop under construction (part of the ETP manufacturing plant)

* ETP manufacturing plant under construction

The progress of ETP project

As of February 2012, Novo has obtained all regulatory licenses and permits required for the development of this project, including but not limited to: construction land planning permit (建設用地規劃許可證), construction project planning permit (建設工程規劃許可證) and construction project work commencement certificates (建築工程施工許可證) and National Development and Reform Commission's project verification document (發展和改革委員會項目核准文件) etc. Construction of phase one has been underway and operation is expected to commence in the second half of 2012 with target production capacity of 150,000 tonnes per annum. On 2 April 2012, the Group has signed a non-legally binding Letter of Interest (投資意向書) with the PRC Government to expand into phase 2 where construction is targeted to commence in 2013. Phase 2 will ramp up the total production capacity to 300,000 tonnes per annum.

Coal Business

The rapid development and urbanization in the PRC has boosted the coal demand to a high level as China has been relying heavily on coal for electricity generation. In 2011, China consumed 3.7 billion tons of coal and according to the China Electricity Council the coal demand is expected to reach 4.3 billion tons by 2015. In order to catch the surge in demand for coal, Novo is strengthening the coal trade segment by establishing a presence in Indonesia. The new establishment in Indonesia has involved years of studies and investigations, and the Group is confident that it will provide a secure supply of coal in the future. Besides globally establishing partnerships, Novo is also actively looking for new opportunities to expand the source of revenues in China. Novo's indirectly wholly-owned subsidiary has undertaken an acquisition of a wholesale distribution company, 廣東永朋進出口貿易有限公司 (Guang Dong Yong Peng Import and Export Trading Co., LTD.*) ("**Guang Dong Yong Peng**"). Guang Dong Yong Peng is engaged in, amongst others, wholesale distribution and trading of coal as well as general import/export business in the PRC. Guang Dong Yong Peng currently holds a valid Qualification License of Coal Business (煤炭經營資格證) ("**Qualification License**") which is subject to renewal in December 2014. The Qualification License authorises Guang Dong Yong Peng the right to trade coal, and other products, domestically and nation-wide in China. The acquisition is in line with the Group's strategy to further develop its existing coal business segment. As Guang Dong Yong Peng has a focus on the Southeastern region of the PRC, the acquisition will enhance the Group's geographical coverage and enlarge customer base.

■ People Development

* Mentors and management trainees meet and mingle with each other

* Seminar on workplace skills

* The Novo training programme kick-off ceremony

* Staffs attended training workshop

It is people who turn visions into results. As a people oriented corporation, the Group is always dedicated to acquiring, developing and retaining talents to be prepared for future expansion. In FY2012, the Group has launched an international management trainee program ("**IMT**"). The IMT is focused on preparing and acquiring talents for leading positions in the future. By recruiting top graduates from the best tertiary institutions in Hong Kong, Mainland China and abroad, we have secured the best available young and energetic professionals in the market. We provide the IMT's trainees opportunities to rotate in different business units and locations for on-the-job training. The IMT program is a 1 year training program where the trainee will learn basic knowledge of the business that we are pursuing both conceptually and operationally. They may have the opportunities to be assigned to different cities around the globe. By receiving valuable exposures, we hope that the trainee can better understand their niches, develop strong management capabilities, pursue their career aspirations with new all-rounded perspectives and pave their way for a successful career in Novo.

With the progress on the new ETP manufacturing plant in Jiangsu province well on the way, and many other expected to begin in the near future, Novo is in high demand for talents. On top of acquiring quality talents from the market, the Group is also dedicated in internal training and development. In the past year, we have developed various internal training programs for our employees, including: corporate orientation, business education program, technical training. During the year under review, a series of technical training of tinplate manufacturing were introduced to the new recruits, including courses on product quality inspection, machineries assembly & installation, production safety and troubleshooting etc.

Our top management is always supportive to all sorts of self-enhancing continuous learning, and therefore, we have developed tailored programs for specific individuals and roles, and organized various business seminars to broaden the view of our staffs. We're establishing a culture of lifelong learning among our people and are putting training programmes in place across our business to meet the Group's future development needs.

Novo believes that a happy employee is an effective employee. Taking care of our staffs is one of the top priorities of the Group. In 2012, the Group provides health and medical plans that includes coverage on family members, staffs group insurance, five-day week arrangement, year-end staff events, and voluntary sport activities to enhance the Novo experience. In the future, the Group will continue to look after the welfare of the staffs from every aspect of life and continue to promote a friendly and comfortable working environment. In addition, Novo's staff handbook has been revised and updated to reflect current policies and procedures this year, with the aims to improve recruitment, retention and staff morale.

■ Corporate Governance

The management team of Novo believes that stringent corporate management makes a significant contribution to corporate success. During the year under review, the corporate management and control system of the Group has been significantly improved. The Group has been regularly reviewing its governance system in accordance with updated regulations with the Listing Manual of the SGX-ST and Hong Kong Listing Rules.

The Group is committed to maintain the transparency to the stakeholders so to increase confidence towards to the Group. We work towards these aims through continuous and open dialog with all stakeholders. We have been regularly participating in investor/analyst briefings and meetings as well as making use of all available communication tools to keep our shareholders and potential investors abreast of our latest business development, e.g. corporate website, press releases, annual general meetings, extraordinary general meetings, result announcements, financial reports, press conferences, press interviews and meeting with various institutional and/or potential investors.

In January 2012, to keep the public fully aware of our strategies and outlook for the business, we conducted a media luncheon in Hong Kong. We received good responses and there were a total 13 media attended the luncheon. We will conduct similar media activities regularly in future so to maintain media exposures. In addition, we are planning to relaunch our corporate website with a new, user friendly and a more investor-focused design in the second half of 2012. By doing so, we believe this could enable the stakeholders to get timely disclosure of our latest development and establish greater transparency. It is always an important agenda of Novo to set high standards and continuous enhancement on the corporate transparency. (Also see "Corporate Governance Report", page 25 to 40, for details on the compliance efforts have been made during FY2012.)

Strategic Plan FY2013

- **Expansion by vertical integration**

The global economy has been subjected to drastic changes and volatilities in FY2012. In order to minimize potential risk, the management, with full intention, has decided to slow down both the iron ore and steel business. However, the Group has focused to expand coal trading business and developed through productive integration.

In FY2013, our management team will continue to lead the Group forward by aggressively searching and completing potentially fruitful upstream integration. The Group has plans on acquiring iron ore mines in Australia and coal mines in Indonesia when opportunities arise. With self-owned mineral resources, Novo can ensure a stable supply of raw material all year round for the trading business.

Besides upward integration on ETP manufacturing, the Group is also aggressively seeking opportunity to expand by downstream integration, which will lead the Group closer to the higher profit retail market. In FY2013, we will focus on studying the opportunities to tap into the downstream business including can making, canning and packed food and beverage distribution industry.

As a corporation that is constantly seeking opportunity to expand, Novo takes the European debt crisis as a chance to focus on expanding in another dimension. We are confident that when the market regains momentum, Novo will be fully prepared to harvest exponentially.

- **Fortify existing relationship with business partners and expand global network**

During a period of economic uncertainty, it is particularly important to fortify existing customer relationships. We believe that our solid base of current customers is our utmost important assets. In order to optimize communication with our customers, Novo has and will continue to set up regional offices in key market areas. Our overseas offices are strategically located in the following regions: Dubai (UAE), Bhubaneswar (India), Jakarta Barat (Indonesia), Singapore (Singapore), Guangzhou (China), Shanghai (China), Taizhou (China), Tianjin (China) and Qingdao (China). Novo is well positioned to conduct regular outreach activities towards local customers, to progressively carry out business visits and meetings so that we can be closer to understand the customers, fortify our relationship with our partners and react to unexpected situations productively.

While solidifying our existing customer base, we are also strongly focused in attracting large and medium-sized customers and to cultivate smaller high-end and quality customers. High potential and fast growing industries such as the food and beverage packaging industry will be the main target in the foreseeable future.

- **Alliance with strategic partners to enhance industrial knowledge and technological expertise, broaden product range and distribution channels**

The Group believes in mutually beneficial relationship that ensures the success of our customers, suppliers and us. Having a good understanding of our partner's business as if it were our own, we aim to increase our collective resource, advantages and achievements into multiple folds. This is why, on top of multiple regional offices, we are also globally aligned with many different associates and agents. Alliances with valuable partners can provide both parties a sizable advantage. It can reduce overheads by providing a platform for cross promotions, increase R&D efficiency, increase credibility for both parties, provide local expertise for each other and can share facilities, technology and man power with each other. Currently we are in alliance with distributors and agents from the following countries: Argentina, Australia, Bangladesh, Brazil, Canada, Chile, Commonwealth of Independent States, Indonesia, Germany, Italy, Japan, Mexico, New Zealand, Philippines, PRC, South Korea, Spain, Sri Lanka, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, Ukraine, United States of America, Venezuela and Vietnam.

In the future, Novo will continue to dedicate a major portion of resource in identifying advantageous joint ventures and alliances. We believe that having supportive partners on the road is the best stimulant to accelerate business growth.

- **Maintain effective organizational structure and harmonic working conditions, retain qualified and experienced professionals**

In Novo, we do not view our staffs as subordinates, instead, we treat our staffs as business partners. We believe that employees and employers should be involved in mutually beneficial situation. The opinions of our staffs are equally important with the direction of the management group and corporate partners. In order to sustain effective communication channels, the Group has adopted modern management approach with updated IT and financing system to ensure perfect communication with business partners and among our staffs. To continue the legacy of excellence, Novo is also committed in cultivating talents. By careful recruitment procedures and sustained training programs, we can polish the talented staffs into backbone of the industry. Through vigorous staff retaining programs, we can cumulate top talents from the market for both current developments and future potential needs.

The Group intends to work with technical schools and universities throughout the world to search for potential talents prior to their graduations. This will ensure Novo to be in the best position to snatch talents before their competitors. While relentlessly searching for talents, Novo is also equally concerned with retaining talents. It is the Group's target to provide an enjoyable working environment by promoting a corporate culture of unity, integrity and open communication among management and staffs. By continuous raise on quality of staffs within the Group, Novo will be able to provide better products and support to our partners, and in turn be more competitive globally.

Head Office: Hong Kong

Major Subsidiaries and Branch Offices:

1. Dubai
2. Guangzhou
3. Hong Kong
4. India
5. Indonesia
6. Qingdao
7. Shanghai
8. Singapore
9. Taizhou
10. Tianjin

Agents:

11. Argentina
12. Australia
13. Bangladesh
14. Brazil
15. Canada
16. Chile
17. Commonwealth of Independent States
18. Germany
19. Indonesia
20. Italy
21. Japan
22. Mexico
23. New Zealand
24. Philippines
25. PRC
26. South Korea
27. Spain
28. Sri Lanka
29. Switzerland
30. Taiwan
31. Thailand
32. Turkey
33. United Kingdom
34. Ukraine
35. United States of America
36. Venezuela
37. Vietnam

Chairman's Statement

Yu Wing Keung, Dicky
Executive Chairman

Dear Shareholders,

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**") together with its subsidiaries ("**Novo**" or "**Group**"), I am pleased to report the annual results of the Group for the year ended 30 April 2012 ("**FY2012**").

Uncertainties of the European financial crisis has been an ongoing drag to the world economy and turned FY2012 into a year full of challenges and opportunities. Against the backdrop of the lingering aftermath of European debt crisis, the volatility of raw material prices and overall decline in the global trade volume, the Group experienced a setback in terms of financial performance. During the year under review, the Group recorded revenue of approximately US$327.8 million, in FY 2012, representing a decline of 34.6% as compared to approximately US$501.6 million, in FY2011. Loss attributable to equity holders of the Group amounted to approximately US$ 2.2 million, a basic loss per share of approximately US$1.1 cents.

The Group continued to maintain a strong cash position, total cash and bank balances amounted to approximately 47.2% of the Group's net assets value in FY2012. In recognition of the Group's healthy financial position, the confidence in the strategic direction and long-term prospects for the business, the Board recommended the payment of a final dividend of 1.0 Singapore cent per share for the year, representing a dividend yield of 6.2%.

Despite the temporary slowdown in FY2012, the Group achieved a number of milestones across its major business segments. The most exciting one is the Group's investment in the Electrolytic Tinplate ("**ETP**") manufacturing plant, Phase 1, in Jiangsu province, the People's Republic of China (the "**PRC**") is well in progress. The construction works has been commencing progressively in 2012. With the strong support of the local government authorities, especially with the efficient approval for project development, the plant is expected to commence operation and generate revenue to the Group by late 2012. On 2 April 2012, in line with our growth strategies, the Group signed a Letter of Interest (投資意向書) with the Xinghua People's Government of the PRC for the investment of the second phase ETP project. To support on-going capital investment, the Group was granted a loan of US$24 million from a bank in April 2012. The funding is to provide strong support for the Group's ongoing development of projects within its metal packaging business.

In order to flourish in the downstream sophisticated food, beverage and packaging market, the Group is constantly looking for opportunities to expand and venture into the high value added industry. On 16 July 2012, the Group has signed a joint venture agreement with Tianjin Yida Investment Co., LTD, ("**Tianjin Yida**") for establishing a joint venture company and set a strong foothold in the growing and high potential metal packaging and canning market. The new venture represents the continuation of downstream growth strategy and is consistent with our strategy to expand beyond raw material trading business. We will fully utilise the competitive edges of new venture to energise our traditional business. While enhancing the investment return on the new venture, we will also continue to explore new growth areas to assure the sustainable growth of the Group.

Responding to the market surge for coal demand in the PRC, the Group has further expanded the coal trading segment by successfully acquiring new supplies of coal and tapped new customers in FY2012. The Group recorded a dramatic increase, over 300%, in sales for the coal segment, which amounted to approximately US$58.1 million in FY2012. In addition, the Group has undertaken an acquisition of a coal wholesale distribution company, 廣東永朋進出口貿易有限公司 (Guang Dong Yong Peng Import and Export Trading Co., LTD.*) ("**Guang Dong Yong Peng**") in the PRC. Guang Dong Yong Peng is one of the leading trading and wholesale distribution companies in the PRC with extensive business networks and holds a valid Qualification License of Coal Business that will no doubt create tremendous growth opportunities and impetus for the Group.

Prospect

While the global economy is still mired in woes, especially Europe and the U.S., the world is looking to the PRC for hope. The latest May trade data assuaged fears of a hard lending in the PRC who is believed to be determined to ensure a slow growth or a "soft" landing by calculated stimulus measures and easing credits where necessary. The Group is confident that it has prepared itself to ride on conducive market conditions in China for progressive growth in coming years: in international trade and in our investments on food and beverage packaging projects.

Appreciation

Last but not least, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, customers and business partners for their trust and unwavering support, my fellow directors, executives and staff for their hard work and contribution in the past year.

Yu Wing Keung, Dicky
Executive Chairman

CEO's Review of Operations

Chow Kin Wa

Executive Director and CEO

Dear Shareholders,

With the unpredictable economic situation, heightening concerns of sovereign debt crisis spread across Europe, concerns of a hard landing in the People's Republic of China (the "**PRC**") and coupled with the sharp decline in global trade volume, the global steel industry has been remained very challenging. Facing the complex and volatile market environment, most of the steel corporation experienced regression of business margin while the performance of NOVO GROUP LTD. (the "**Company**") and its subsidiaries ("**Novo**" or the "**Group**") was also inevitably impacted. Nevertheless, in such challenging economic environment, the Group has adopted cautious and prudent business direction during the year under review. We took a number of measures to help us address the volatile market, included implementing stringent cost-control measures, maximizing business opportunities and improving internal efficiencies.

Financial Performance

The Group's revenue was approximately US$327.8 million for the year ended 30 April 2012 ("**FY2012**"), representing a decrease of approximately 34.6% as compared with approximately US$501.6 million for the year ended 30 April 2011 ("**FY2011**").

Gross Profit

The Group's gross profit decreased by approximately 44.2% from approximately US$33.9 million for FY2011 to approximately US$18.9 million for FY2012. The Group's gross profit margin also decreased from approximately 6.8% for FY2011 to approximately 5.8% for FY2012. The decrease in the Group's gross profit and gross profit margin were mainly attributable to the weak steel demand and the fluctuation of raw materials costs. In addition, the Group kept a slim margin so to retain quality buyers and acquired new customers in coal business.

Business Segment Review

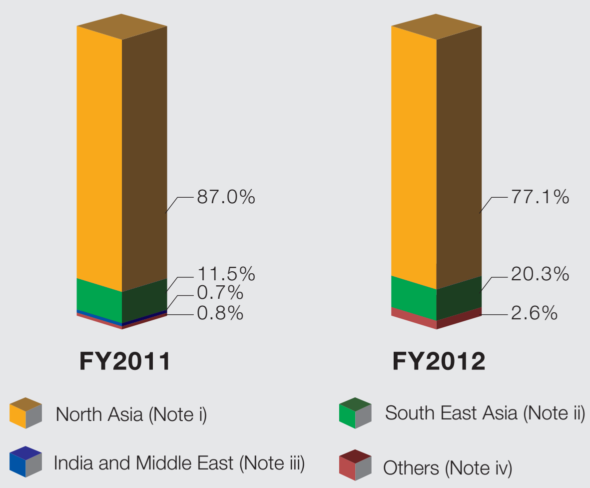
Revenue from international trade business, major business segment, accounted for approximately 69.6% and 84.1% of the Group's total revenue in FY2012 and FY2011, respectively. Domestic trade business contributed approximately 12.7% and 13.1% in FY2012 and FY2011, coal segment reported a strong growth, with an increase of approximately 306.3% from approximately US$14.3 million in FY2011 to approximately US$58.1 million in FY2012, while it contributed approximately 17.7% and 2.8% of the Group's total revenue in FY2012 and FY2011, respectively, such strong growth was attributed to the success of acquiring new coal customers. However, this growth was offset by the decline in the iron ore business which has adversely impacted by diminishing trade volume in steel industry under economic downturn.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US$252.5 million of total revenue in FY2012, compared to approximately US$436.2 million in FY2011. North Asia market contributed approximately 77.1% and 87.0% of total revenue in FY2012 and FY2011, respectively.

Revenue derived from South East Asia market recorded slight growth, with an increase of approximately 15.1% from approximately US$57.9 million in FY2011 to approximately US$66.7 million in FY2012, while it contributed approximately 20.3% and 11.5% of the Group's total revenue in FY2012 and FY2011, respectively. This growth was mainly attributed to the recently acquired customer base in Thailand.

Revenue derived from other regions accounted for approximately 2.6% and 0.8% of the Group's total revenue in FY2012 and FY2011, respectively. There was no revenue contributed from India and Middle East in FY2012 while approximately US$3.4 million in FY2011.

Revenue by Geographical Locations (%)



Notes:

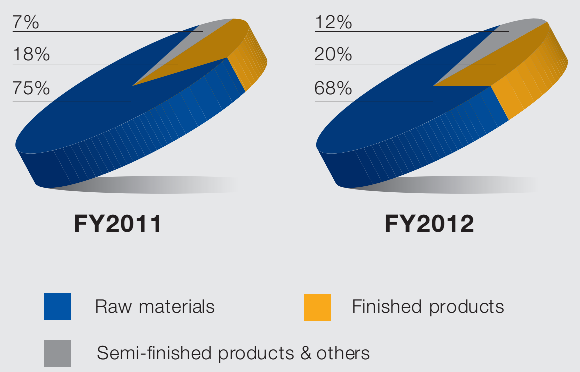
(i) Included PRC, Taiwan and Korea

(ii) Included Philippines, Singapore, Thailand, Indonesia and Vietnam

(iii) Included the Republic of India

(iv) Included Costa Rica, Belgium, Germany and Italy

Revenue by Products (%)



Notes:
Raw materials
– Distribution and sales of materials such as iron ores and coal

Semi-finished products
– Distribution and sales of steel products such as billets and slabs used for producing deformed steel bars, wire rods, hot rolled plates and hot rolled coils

Finished products
– Distribution and sales of long products such as deformed bars, wire rods, tube, section, angle channels as well as flat products such as hot rolled plates and coils, cold rolled coil and sheet

Others
– Distribution and sales of special and coated products such as galvanised steel coils and tinplate

Financial Review

Other Income

Other income decreased by approximately 23.1% from approximately US$2.6 million in FY2011 to approximately US$2.0 million in FY2012. The decrease was mainly due to previous period's compensation upon termination of contracts from suppliers and customers of US$2.2 million were recorded, while there was no compensation recorded during the year under review. Such effect was offset by the increase in net realised gains and fair value gains on derivative financial instruments, government grants and interest income in PRC business during the current year. Non-deliverable forward contracts entered by the Group for managing currency risk arising from committed new project capital investment resulted net realised gains and fair value gains of approximately US$237,000 and approximately US$7,000 in FY2012 respectively. Interest income increased to approximately US$268,000 in FY2012 from approximately US$18,000 in FY2011. This was resulted from strengthen of treasury function of the Group in the current year. Government grants mainly comprised of grants offered from the PRC government authorities of approximately US$679,000 as an appreciation of the Group's project contribution were recorded in FY2012 while there was no grant recorded in FY2011.

Distribution and Selling Expenses

The Group's distribution and selling expenses in FY2012 amounted to approximately US$14.6 million, representing a decrease of approximately 38.6% as compared to approximately US$23.8 million in FY2011. Such decrease was mainly attributable to the decrease in sales volume and cost control over direct selling expenses such as port handling charges and shipping handling charges in FY2012.

Administrative Expenses

The administrative expenses increased by approximately 9.0% to approximately US$7.3 million in FY2012 as compared to approximately US$6.7 million in FY2011. The rise was primarily due to new projects underway, expansion of management team and recruitment of staffs.

Finance Costs

The finance costs were up by approximately 9.0% from approximately US$1,035,000 in FY2011 to approximately US$1,128,000 in FY2012. The increase was attributable to an increase in borrowings and rise in interest rates in the PRC during the financial year under review.

Other Operating Expenses

Other operating expenses in FY2012 decreased by approximately 27.9% from approximately US$244,000 in FY2011 to approximately US$176,000 in FY2012. In FY2012, net exchange losses and impairment of fixed assets amounted to approximately US$31,000 and US$145,000, respectively. Comparatively, net exchange gains of approximately US$1.2 million was recorded in FY2011, the gains of which was offset by dual listing expenses and written off of prepayment of approximately US$1.3 million and US$135,000 respectively in FY2011.

Income Tax

Income tax credit of approximately US$35,000 was recorded in FY2012. Whereas income tax expenses of approximately US$298,000 was recorded in FY2011, such change was mainly due to decrease in profit during the financial year under review.

Financial Position and Cash Flow

Amid macroeconomic uncertainties in the financial year under review, the Group has implemented effective cost control measures and rigorous inventory control measures in order to improve operating efficiency, and maintain a sound financial and liquidity position.

Inventories

Inventories decreased by approximately US$5.6 million from approximately US$19.3 million as of 30 April 2011 to approximately US$13.7 million as of 30 April 2012. This was attributable to a strict inventory control policy adopted by the Group during the financial year under review.

Trade and Other Receivables

Trade and other receivables increased from approximately US$35.6 million as at 30 April 2011 to approximately US$41.9 million as at 30 April 2012. Distribution of trade receivables and other receivables were approximately 40.6% (approximately US$17.0 million) and 59.4% (approximately US$24.9 million) of total receivables as at 30 April 2012, compared to approximately 48.9% (approximately US$17.4 million) and 51.1% (approximately US$18.2 million) of total receivables as at 30 April 2011. The increase in other receivables was mainly caused by increase in prepaid progress payment related to the construction of Jiangsu ETP manufacturing plant.

Trade and Other Payables

Trade and other payables increased from approximately US$20.2 million as at 30 April 2011 to approximately US$28.4 million as at 30 April 2012. Such increase was associated to the increase in accrued progress payment on constructing of Jiangsu ETP manufacturing plant and trade and bills payables as at 30 April 2012 when compared to 30 April 2011. Progress payment related to construction cost of Jiangsu ETP manufacturing plant of approximately US$7.7 million was recorded as at 30 April 2012. Trade and bills payables were increased in line with trade receivables.

Business Update

Coal

China, as a largely coal-fueled country, has already overtaken Japan as the world number one coal importer. Its import volume is set to continue to rise for coming years with unabated increasing coal demand fed by China's still growing economy albeit in slower pace than previous years.

Capturing the foreseen continuing gap in demand and supply not only in thermal coal but also metallurgical coal, the Group has targeted direct supply opportunities with power plants and cement plants (for thermal coal) and with long time steel mill business partners (for metallurgical coal) as our focus.

The Group has hence entered into a legally binding agreement, in February 2012, to acquire 51% equity interest of 廣東永朋進出口貿易有限公司 (Guang Dong Yong Peng Import and Export Trading Co., LTD.*) ("**Guang Dong Yong Peng**"). Transfer of shares has taken place accordingly on 15 May 2012 where Guang Dong Yong Peng becomes a Sino-Foreign Entity Joint Venture. As of the date of this Annual Report, the said acquisition is not yet completed. Completion is expected by the end of July 2012. Further announcement will be made by the Group in accordance with the Listing Manual (the "**Listing Manual**") of Singapore Exchange Securities Trading Limited, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**HK Listing Rules**") as and when required.

Guang Dong Yong Peng is engaged in, amongst others, wholesale distribution and trading of coal as well as general import/export business in the PRC. Most importantly, it holds a valid Qualification License of Coal Business (煤炭經營資格證) for trading coal domestically and nation-wide in China while its import and export right embedded in its business license allows it to import coal amongst other products. This is an important step for the Group to go beyond our international trading business, to reach our end user, namely the power plants, cement plants and steel mills in a supply sector with promising and sustainable growth.

Progress of New Projects

Jiangsu Electrolytic Tinplate ("ETP") Manufacturing Project

The Group has progressed well in this project first announced in 2011. The factory building will be topped out and major construction work will also be completed in July 2012. Operation is expected to commence within the second half of 2012 with target production capacity of 150,000 tonnes per annum. The Group has signed a non-legally binding Letter of Interest（投資意向書）with the PRC Government on 2 April 2012 to expand into phase 2 where construction is targeted to commence in 2013. Phase 2 will ramp up the total production capacity to 300,000 tonnes per annum. Further announcement will be made in accordance with the Listing Manual and the Hong Kong Listing Rules as and when required.

This project affords new frontiers to the Group. With the growth in up-market processed food and beverage demand in China, there is an increasing gap in domestic production and supply of high-end tinplate products for food and beverage packaging industry. The project sets our foot into the most strategic point of the food and beverage packaging industry value chain. Our competitive edge in the firm grip of much coveted technology required for production of up market tinplate products as well as strong procurement and sales marketing management capabilities are what going to let the project outshine the peers.

The project sets a solid foundation for the Group to move along the value chain of the food and beverage packaging industry to maximize profits: further downstream and more value-added in tinplate printing, can making and canning processes.

Tianjin Steel Processing Project

The Tianjin Steel Processing Project is a continuation of the food and beverage packaging story started from the ETP manufacturing project described above. Located in the western district of Tianjin Economic Technological Development Area, the PRC, the processing plant will be mainly engaged in de-coiling, cutting, slitting and printing of tinplate and tin free steel coil and tin can making, for domestic sales and distribution in the PRC. In addition, to seize the opportunity brought by the continuously rising demand on processed food and beverage in China, the Group has on 16 July 2012 entered into a Joint Venture Agreement with 天津億達投資有限公司 (Tianjin Yida Investment Co., LTD,*) ("**Tianjin Yida**") to establish a Joint Venture Company. The Joint Venture Company will focus on the food and beverage packaging industry value chain and engaging in, among other things, packing, canning and distribution of high quality canned food and beverage products in the PRC.

Other Projects

During the year under review, up to the date of this Annual Report, the Group has not incurred any cost for other projects. Further announcement will be made by the Group in accordance with the Listing Manual and Hong Kong Listing Rules as and when required.

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

Save for those disclosed in this Annual Report, there were no significant investments held as at 30 April 2012, nor were there material acquisitions and disposal of subsidiaries during the financial year under review.

* For identification only

Pledge of Assets

Certain assets of the Group have been pledged to secure the bank borrowings of the Group. For details, please refer to Note 21 to the Consolidated Financial Statements of the Annual Report.

Foreign Exchange Exposure

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

Contingent Liabilities

The Group's contingent liabilities as at 30 April 2012 are shown in Note 28 to the Consolidated Financial Statements of this Annual Report.

Liquidity and Financial Resources

During the financial year under review, an aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately US$8.2 million from approximately US$35.8 million as at 30 April 2011 to approximately US$27.6 million as at 30 April 2012. Approximately US$2.8 million was attributed to distribution of dividend, approximately US$3.3 million was attributed to land acquisition in Jiangsu and setting up of the new office in Shanghai and Jiangsu manufacturing plant and approximately US$1.7 million was attributed for repayment of bank loans.

Total cash and bank balance represents approximately 47.2% of the Group's net assets value as at 30 April 2012 (approximately 57.5% of net assets value as at 30 April 2011).

The gearing ratio calculated as a percentage of net debt to equity change from approximately 15% as at 30 April 2011 to approximately 34% as at 30 April 2012.

Employees and Remuneration Policies

As at 30 April 2012, the Group had a total of 141 (30 April 2011: 71) full-time employees. The Group determines its staff's remuneration based on factors such as qualifications, years of experience, market conditions and performance of the individual employees. The Group does not have share option scheme for its employees.

Appreciation

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

Chow Kin Wa
Executive Director and CEO

Board of Directors

Executive Directors

Yu Wing Keung, Dicky, aged 49, is the co-founder of the Group, Executive Chairman and executive Director appointed on 10 March 2008. He is responsible for formulating the Group's strategic directions, expansion and overall business development plans. He is also a director and controlling shareholder of New Page Investments Limited, which is a controlling shareholder of the Company. From 1998 to 2005, he was an executive director of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**"). From 2001 to 2005, he was an executive director of a company listed on the Growth Enterprise Market of the SEHK. Mr. Yu started his own business in steel trading by co-founding the Group in 2005. Mr. Yu has over 20 years of experience in multinational steel manufacturing, investment and trading business and has established extensive global business networks. Mr. Yu holds a Master of Business Administration degree from the University of Durham, United Kingdom and was a member of Chartered Institute of Marketing, United Kingdom.

Chow Kin Wa, aged 45, is the co-founder of the Group, executive Director and Chief Executive Officer appointed on 10 March 2008. He is responsible for the business development and trading activities of the Group. He also assists Mr. Yu Wing Keung, Dicky in overseeing the overall management, operations and the setting of corporate directions and strategies of the Group. He is also a director and controlling shareholder of New Page Investments Limited, which is a controlling shareholder of the Company. Mr. Chow has over 20 years of experience in multinational steel trading and manufacturing business. Mr. Chow holds a Bachelor of Science degree from the University of Hong Kong and a Master of Science degree in Information Systems from Hawaii Pacific University, United States of America. He is the younger brother of Mr. Chow Kin San, an executive Director.

Chow Kin San, aged 48, is an executive Director appointed on 1 June 2010. He is responsible for the Group's corporate finance, corporate strategy and development, investment, investor relations and information technology. He joined the Group as a non-executive Director on 10 March 2008. He is the co-founder and a director of Focus Capital Investment Inc., and a non-executive chairman of Strategic Alliance Limited. He has over 20 years of experience in operations, finance, management and investment in trading and manufacturing environment in Asia and the United States of America. He graduated from the Faculty of Engineering of the University of Hong Kong and holds a Master of Business Administration degree from the University of South Australia. He is currently a fellow member of Association of International Accountants, United Kingdom and Institute of Public Accountants, Australia, as well as a member of Australasian Institute of Mining and Metallurgy. He is the elder brother of Mr. Chow Kin Wa, an executive Director and Chief Executive Officer.

Independent non-executive Directors

Tang Chi Loong, aged 43, is an independent non-executive Director appointed on 1 July 2009. He graduated from the Law faculty of the National University of Singapore and is an advocate and solicitor of the Supreme Court of Singapore. Mr. Tang has been a practising lawyer for more than 15 years with experience in diverse areas of the law. He is currently a partner of a law firm, Hin Tat Augustine and Partners overseeing the insurance law department of the firm. Mr. Tang also sits on the board of HLN Technologies Limited, and has been a director of Guangzhao Industrial Forest Biotechnology Group Limited up to June 2011, both listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Since 1 July 2009, he has been the Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit Committee.

Foo Teck Leong, aged 47, is an independent non-executive Director appointed on 1 April 2010. Mr. Foo graduated from the National University of Singapore with a degree of Accountancy in 1989 and obtained a Master of Business Administration degree from The University of Manchester, United Kingdom in 2004. Mr. Foo is a member of the Institute of Certified Public Accountants of Singapore since 1994. Mr. Foo currently manages a business consultancy firm, Red Dot Consult Pte Ltd and holds directorship in several privately held companies. He had been a director of Guangzhao Industrial Forest Biotechnology Group Limited, a company listed on the SGX-ST, up to June 2011. He had held senior positions in IDS Group and Singapore's Inchcape Marketing Services Limited from 1994 to 2006 including finance director, commercial director and group financial controller. He is the Chairman of the Audit Committee since 19 November 2010, and a member of the Remuneration Committee and Nominating Committee since 1 April 2010.

Tse To Chung, **Lawrence**, aged 44, is an independent non-executive Director appointed on 19 November 2010. Mr. Tse graduated from the Faculty of Law of the University of Hong Kong in 1990. In 1996, he received a Master of Arts degree (major in Economics) from the University of Oklahoma in United States of America. Mr. Tse was admitted as a solicitor in the High Court of Hong Kong in 1993. Mr. Tse is a partner of Joyce Chan & Co, a law firm in Hong Kong. Mr. Tse has more than 20 years of legal practice experience. He is a member of the Audit Committee, Remuneration Committee and Nominating Committee since 19 November 2010.

Senior Management

Chong Wai Man, aged 48, Group Financial Controller and Company Secretary, joined the Group since 2011 with more than 20 years of experience in finance, accounting and taxation and is responsible for the Group's corporate finance, financial management, financial strategies, taxation, compliance and reporting, mergers and acquisitions, risk management and investor relations. He holds a Master of Business Administration degree from the University of Bradford, United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

Kwan Yee Mui, Tonette, aged 46, Treasurer of the Group, joined the Group since 2006 and is responsible for the overall finance and risk management of the Group. Prior to joining the Group, she had over 20 years of corporate banking experience and was the regional head of the commodity finance divisions for several top tier foreign banks for over 12 years. Ms. Kwan is well experienced with the metal and steel industries, and commodity trade finance. She holds a Bachelor of Arts degree from the University of Hong Kong.

Ma Yiu Ming, aged 50, Head of Operations of the Group, joined the Group since 2006 and is responsible for the Group's business coordination and integration of various functional developments such as operations, shipping, insurance and legal. He has over 25 years of experience in the international traffic and logistics business, particularly in shipping, insurance, cargo inspection, arbitration and legal consulting. Prior to joining the Group, he held several managerial positions in various shipping and chartering companies and has been involved in their ships' operations and chartering functions. He holds a Bachelor degree and a Master degree of Business Administration from the Open University of Hong Kong. He is currently a fellow member of the Institute of Chartered Shipbrokers.

Chu Wai Lim, aged 43, Trade Finance Manager of the Group, joined the Group since 2005 and is responsible for the overall bills operations and trade finance of the Group. With over 15 years of experience in several major commodity banks and trading companies, he has extensive knowledge in the documentation of letters of credit and trade finance.

Ji Na Xin, aged 43, General Manager of the People's Republic of China (the "**PRC**") Division, joined the Group since 2008 and is responsible for the overall management, strategic planning and business development of the Group's operations in the PRC. Backed by over 15 years of experience in multinational steel trading and manufacturing groups, he has established extensive business networks in the PRC.

Tam Hin Shi, aged 32, Deputy General Manager of the PRC Division, joined the Group since 2008 and is responsible for promoting the business development activities of the Group's PRC division. He has over 10 years of experience in steel related business in the PRC and has built up wide and deep connections with steel operators and manufacturers in various countries.

Steel Products

IRON ORE

PIG IRON

COAL

BILLETS

SLABS

HOT ROLLED COILS

COLD ROLLED COILS

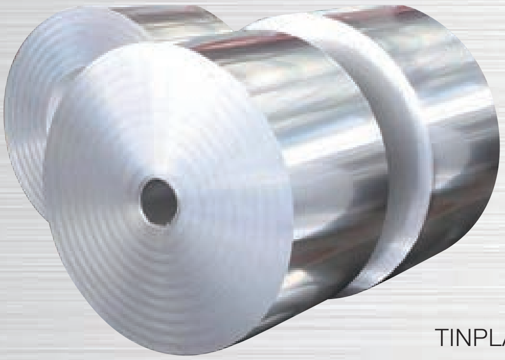
SECTION STEEL

ETP

Tinplate

What is tinplate ?

- Tinplate is a thin steel sheet coated by tin as protection against corrosion.



TINPLATE COILS

Application of tinplate

- Food and beverage cans
- Edible oil cans and aerosol containers
- General cans
- Metal closure and ends
- Electric parts

Increasing awareness on environment friendly food packaging

- 70% of tinplate packaging around the world, is used for food packaging
- The most eco-friendly packaging media, recycle rate over 95%
- Dairy, fruits, vegetables, cereals and edible oil categories, tinplate is universally accepted as the most suitable packaging media
- Safe, hygienic and tamper-proof

EASY OPEN ENDS

FOOD CANS

BEVERAGE CANS

The Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**") is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 30 April 2012.

Corporate Governance Practices of the Company

The Company is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") to safeguard the interests of shareholders and to enhance corporate values and accountability.

The Corporate Governance Code (the "**HK Revised CG Code**") issued by The Stock Exchange of Hong Kong Limited (the "**SEHK**") in October 2011 is the new edition of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (the "**HK Listing Rules**") to replace the old Corporate Governance Code (the "**HK Old CG Code**"), and has been applicable to financial reports covering the period after 1 April 2012. The Company has adopted, for corporate governance purposes, the HK Old CG Code up to 31 March 2012 and the HK Revised CG Code since 1 April 2012, in addition to the Singapore Code of Corporate Governance 2005 (the "**Singapore CG Code**"). In the event of any conflict between the Singapore CG Code and the HK Old CG Code or the HK Revised CG Code, the Company will comply with the more onerous code provisions.

The Company has complied with the HK Old CG Code during the period from 1 May 2011 to 31 March 2012 and has complied with the HK Revised CG Code during the period from 1 April 2012 to 30 April 2012 (to the extent that such provisions are applicable) except for below deviations from code provision A.4.1 of both Codes and D1.4 of the HK Revised CG Code which are explained in the relevant paragraphs of this report.

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

Group's Strategy

The Board plays an active role in the Group's strategic development and planning process. During the year ended 30 April 2012, the management presented to the Board and the Board has approved the 2013 strategic plan and the status of strategy implementation together with key initiatives undertaken. The said strategic plan aimed to develop an agreed approach for the Group to generate and preserve its long-term value and to achieve its regulatory goals and the objective of enhancing its competitiveness. Details of the strategies are set out in the "Corporate Profile" of this Annual Report.

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 success of the company. The Board works with the management to achieve this and the management remains accountable to the Board.

Responsibilities

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

The Board is also responsible for:

- Providing guidance and leadership for corporate and strategic directions of the Group;
- Reviewing the financial performance of the Group;
- Providing guidance to overall management of the businesses and affairs of the Group;

- Setting up broad's policies and financial objectives of the Company;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Approving the nominations of Directors and appointments of key personnel;
- Reviewing and approving of investments, mergers and acquisition and disposal transactions;
- Approving annual budgets and major funding proposals;
- Assuming responsibility for corporate governance; and
- Reviewing the performance of management.

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

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

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

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

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

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

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

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

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

Board Meetings

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

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

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

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

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

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

Directors' Attendance Records

During the year ended 30 April 2012, 4 regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each Director at the meetings of the Board, Audit Committee, Nominating Committee and Remuneration Committee during the year ended 30 April 2012 are set out below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meeting held during the year ended 30 April 2012	4	4	1	1
Executive Directors				
Yu Wing Keung, Dicky	4	–	–	–
Chow Kin Wa	4	–	–	–
Chow Kin San	4	–	–	–
Independent non–executive Directors				
Tang Chi Loong	4	4	1	1
Foo Teck Leong	4	4	1	1
Tse To Chung, Lawrence	4	4	1	1

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 the management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises six members, consisting of three executive Directors and three independent non-executive Directors:

Executive Directors:

Mr. Yu Wing Keung, Dicky *(Executive Chairman and Authorised Representative under the HK Listing Rules)*
Mr. Chow Kin Wa *(CEO)*
Mr. Chow Kin San *(Authorised Representative under the HK Listing Rules)*

Independent non-executive Directors:

Mr. Tang Chi Loong *(Chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee)*
Mr. Foo Teck Leong *(Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee)*
Mr. Tse To Chung, Lawrence *(member of the Audit Committee, Nominating Committee and Remuneration Committee)*

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

Mr. Chow Kin Wa, the CEO and executive Director, is the younger brother of Mr. Chow Kin San, executive Director. Save as disclosed, there is no other financial, business, family or material/relevant relationship among members of the Board.

During the year ended 30 April 2012, the Board at all times met the requirements of Rules 3.10(1) and (2) of the HK Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

Executive Chairman and the CEO

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Executive Chairman of the Group is Mr. Yu Wing Keung, Dicky and the CEO of the Group is Mr. Chow Kin Wa. The positions of Executive Chairman and the CEO are held by separate individuals in order to preserve independence and a balance of views and judgement.

The Executive Chairman is, amongst others, responsible for:

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

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

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

Board Membership

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

The Company adopts a formal and transparent process of appointing new Directors to the Board and ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. In accordance with the Company's Articles of Association, Mr. Chow Kin Wa and Mr. Foo Teck Leong shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting ("**AGM**").

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

The Company's circular dated 26 July 2012 contains detailed information of the Directors standing for re-election. Other key information regarding the Directors are set out under "Board of Directors" of this Annual Report.

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position in such circumstance.

The Nominating Committee comprises three members, namely, Mr. Tang Chi Loong (Chairman), Mr. Foo Teck Leong and Mr. Tse To Chung, Lawrence, all of them are independent non-executive Directors.

The Chairman of the Nominating Committee is not associate with the substantial shareholder of the Company.

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

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to compliment 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 Director;
- determining/proposing the objective performance criteria for the Board's approval and reviewing the Board's performance in terms of the performance criteria; and
- conducting a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, particularly when a Director serves on multiple Boards.

Each of the executive Directors has entered into a service agreement with the Company setting out the key terms and conditions of their appointment. Such term is subject to his re-election by the Company at an AGM upon retirement.

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

Code provision A.4.1 of the HK Old CG Code and the HK Revised CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election. Although all independent non-executive Directors of the Company are not appointed for a specific term, all Directors of the Company (including independent non-executive Directors) are subject to retirement by rotation at least once every three years and any new Director appointed as an additional Director or to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment pursuant to the Company's Articles of Association.

Code provision D.1.4 of the HK Revised CG Code stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. There is no formal letter of appointment setting out the key terms and conditions of the appointment of the Company's independent non-executive Directors. However, the terms of references have set out the work scope of the Board committees and delegation were made by the Board in respect of the responsibilities of the independent non-executive Directors in such Board committees, details of which are published in the Company's website.

Board Performance

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

The Nominating Committee has formulated a process to evaluate and assess the effectiveness of the Board as a whole. The performance evaluation criteria include an evaluation of the structure, composition and size of the Board, the Board's access to complete, adequate and timely information, Board's procedures and accountability. The Nominating Committee has reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

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

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

The Nominating Committee met once during the year ended 30 April 2012. The independence of each Director is reviewed annually by the Nominating Committee with reference to the guidelines set out in the Singapore CG Code. Under the Singapore CG Code, the Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgement of the conduct of the Group's affairs. In addition, the independence of the Company's independent non-executive Directors meets the requirements set out in Rule 3.13 of the HK Listing Rules. The Nominating Committee has assessed the independence of the independent non-executive Directors and is satisfied that there are no relationships which would deem any of the independent non-executive Directors not to be independent.

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

The Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, and there is presently no need to implement internal guidelines to address their competing time commitments.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

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

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

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

Training and Continuing Development

The Directors have been responsible for their own training needs and report to the Company whereas the Company provides funded training on suitable course for the Directors. The newly appointed Director shall receive appropriate induction training and coaching to develop individual skills as required. The Group provides extensive background information about its history, mission and values to the Directors. During the year ended 30 April 2012, all Directors have complied with Code provision A.6.5 of the HK Revised CG Code to participate in continuous professional development to develop and refresh their knowledge and skills.

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

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

Remuneration Matters

Procedures for Developing Remuneration Policies

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

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

The Remuneration Committee comprises three members, namely, Mr. Tang Chi Loong (Chairman), Mr. Foo Teck Leong and Mr. Tse To Chung, Lawrence, all of them are independent non-executive Directors.

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

- reviewing and recommending to the Board the Company's policies and structure for all Directors and senior management remuneration as are competitive and appropriate to attract, retain and motivate Directors and senior management of the required quality to run the Company successfully and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- either determining (with delegated responsibility) or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- reviewing and recommending to the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Group, including the share option scheme (if any).

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

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

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

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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

Independent non-executive Directors have no service agreements with the Company. The Board recommends the quantum of Directors' fees to be paid to the independent non-executive Directors based on their contributions, taking into account factors such as frequency of meetings, effort and time spent as well as responsibilities. Directors' fees are subject to the approval of the shareholders at the forthcoming AGM.

The Remuneration Committee met once during the year ended 30 April 2012 and had recommended to the Board a maximum amount not exceeding S$130,000 as Directors' fees for the year ending 30 April 2013. The Remuneration Committee made recommendations to the Board on the remuneration packages of individual executive Directors. The Board will propose Directors' fees for the year ending 30 April 2013 at the forthcoming AGM for shareholders' approval.

Executive Directors do not receive Directors' fees. The remuneration of executive Directors comprises a basic salary and variable components which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The Company has in place service agreements with all executive Directors, Mr. Yu Wing Keung, Dicky, Mr. Chow Kin Wa and Mr. Chow Kin San for a period of 3 years. The service agreements provide for termination by either party, upon giving not less than 6 months' notice in writing.

The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and the senior management for the year under review.

Disclosure on Remuneration

Principle 9: Each 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 executives, and performance.

Emoluments of Directors

A breakdown, showing the level and mix of each individual Director's total emoluments payable for the year ended 2012 is set out in the following table:

	Salary and bonus	Fees	Share option	Allowances and other benefits	Total
	%	%	%	%	%
S$250,001 – S$500,000					
Yu Wing Keung, Dicky	100	–	–	–	100
Chow Kin Wa	100	–	–	–	100
Chow Kin San	100	–	–	–	100
Below S$250,000					
Tang Chi Loong	–	100	–	–	100
Foo Teck Leong	–	100	–	–	100
Tse To Chung, Lawrence	–	100	–	–	100

Emoluments of Senior Management who are not Directors

For the year ended 30 April 2012, the Group had the following Senior Management whose emoluments are set out below:

	Salary and bonus	Share option	Allowances and other benefits	Total
	%	%	%	%
S$250,001-S$500,000				
Tam Hin Shi	100	–	–	100
Below S$250,000				
Chong Wai Man	100	–	–	100
Kwan Yee Mui, Tonette	100	–	–	100
Ma Yiu Ming	100	–	–	100
Ji Na Xin	100	–	–	100
Chu Wai Lim	100	–	–	100
Chan Ying Yap (resigned on 30/11/2011)	100	–	–	100
Lam Ying Ngor (resigned on 28/02/2012)	100	–	–	100

The Company has adopted a remuneration policy for staff comprising a fixed component (in the form of a base salary) and a variable component, which is in the form of discretionary bonus that is linked to the Company's and the individual's performance. Other element of the variable component is the grant of share options and awards to staff under the incentive schemes (if any).

Further particulars regarding Directors' emoluments and the 5 top-paid employees are disclosed in note 10 to the financial statements.

Immediate Family Member of the Director or the CEO

For the year ended 30 April 2012, there were no employees in the Group who were immediate family members of a Director or the CEO whose remuneration exceeded S$150,000.

Accountability and Audit

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

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 April 2012.

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

In preparing the financial statement for the year ended 30 April 2012, the Directors have selected appropriate accounting policies and applied them consistently, and have prepared the financial statements on a going concern basis.

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

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

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises three members, namely, Mr. Foo Teck Leong (Chairman), Mr. Tang Chi Loong and Mr. Tse To Chung, Lawrence (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise), all of them are independent non-executive Directors. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

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

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

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

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

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

The Board is of the view that the members of the Audit Committee are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the Audit Committee's function.

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

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about its reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on page 50 of this Annual Report.

During the year under review, the remuneration paid/payable to the Company's external auditors, Messrs Baker Tilly TFW LLP, is set out below:

Service Category	Fees Paid/Payable
	US$
Audit Services	78,974
Non-audit Services	17,004
Tax Advisory Services	5,861
Total	101,839

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors for the year ended 30 April 2012 and is satisfied that such services are not significant and would not, in the Audit Committee's opinion, affect the independence of the external auditors. The Audit Committee met, at least twice a year, with the Group's external auditors Messrs Baker Tilly TFW LLP to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained in the Group. Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the Audit Committee has recommended the re-appointment of Messrs Baker Tilly TFW LLP as the external auditors at the forthcoming AGM. The Company has complied to Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms.

During the year ended 30 April 2012, the Audit Committee has convened four meetings and reviewed the Group's quarterly/interim/annual results and Interim Report/Annual Report, the financial reporting and compliance procedures, the internal control reports on the Company's internal control system and risk management systems and processes, and the re-appointment of the external auditors. The Audit Committee met with the external auditors and reviewed the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors.

Internal Controls

Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

During the year under review, the Board conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, qualifications and experience of staffs of the Company's accounting and financial reporting function and their training programmes.

The Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

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

- the internal controls established and maintained by the Group;
- confirmation by the Executive Chairman and Group Financial Controller;
- reports issued by the internal and external auditors;
- annual reviews performed by the management, the Audit Committee and the Board.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit function to an independent accounting firm. The Board and the Audit Committee have reviewed the reports of the internal auditors and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

A semi-annual review on the Board communication procedures (the "**Procedures**") in accordance to the procedural manual of the Company has been conducted by an independent professional firm, whom satisfied that the results did not indicate that there was any irregularity or material error in the Procedures.

Communication with Shareholders and Investor Relations

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at the AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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

Details of Directors' attendance records of the AGM held on 22 August 2011 ("**AGM 2011**") and extraordinary general meeting held on 26 September 2011 ("**EGM 2011**") were as follows:–

Members of the Board	AGM 2011 Attendance	EGM 2011 Attendance
Executive Directors		
Yu Wing Keung, Dicky	1/1	1/1
Chow Kin Wa	1/1	1/1
Chow Kin San	0/1	1/1
Independent non-executive Directors		
Tang Chi Loong	1/1	0/1
Foo Teck Leong	1/1	0/1
Tse To Chung, Lawrence	0/1	1/1

During the year ended 30 April 2012, the Directors attended both meetings and were available to answer questions. The chairman of the meeting explained (though the representatives of the scrutineer) the details procedures for conducting the poll at the AGM 2011 and EGM 2011. The Company's external auditors have attended the AGM 2011 and was available to answer questions.

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

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

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

To promote effective communication, the Company maintains a website at www.novogroupltd.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

In March 2012 the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.

Shareholders' Rights

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

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

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

There is no significant change in the Company's constitutional documents during the year ended 30 April 2012.

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

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

For putting forward proposals at the general meeting, the shareholders should submit a written notice with detailed contact information to the Company's registered office.

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

- At least 14 clear business days' notice (the notice period must include 10 business days) in writing if the proposal constitutes an ordinary resolution of the Company in an EGM.
- At least 21 clear business days' notice (the notice period must include 20 business days) in writing if the proposal constitutes a special resolution of the Company in an EGM or any resolution of the Company in an AGM.

Company Secretaries

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

Rule 3.29 of the Hong Kong Listing Rules stipulates that in each financial year an issuer's company secretary must take no less than 15 hours of relevant professional training. A person who was a company secretary of an issuer on or after 1 January 2005 must comply to this Rule for the financial year commencing on or after 1 January 2012. The Company will obtain a record of training of the Company Secretaries for the year ending 30 April 2013 in compliance to this rule requirement.

The Company Secretaries, Ms. Wee Woon Hong and Mr. Lee Hock Heng are qualified persons to act as secretaries in compliance with the Companies Act, while Mr. Chong Wai Man and Ms. Lau Jeanie are employees and primary corporate contact persons of the Company.

Dealings in the Company's Securities

The Company has established written guidelines on terms no less exacting the requirements under the Listing Manual and the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Hong Kong Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code throughout the year ended 30 April 2012 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 price sensitive information of the Group. The Company issues regular notice to remind Directors, officers and/or relevant employees of the Group on the abovementioned prohibitions.

Interested Person Transactions

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

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

There was no transaction with interested person during the year ended 30 April 2012 that exceeded the stipulated thresholds as specified in Chapter 9 of the Listing Manual.

Risk Factors and Risk Management

The risk factors and management are set out in the notes to the financial statements in this Annual Report.

Material Contracts and Loans

Except as disclosed in this Annual Report, there were no other 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 ended 30 April 2012, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Financial Contents

Directors' Report

The board (the "**Board**") of directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**") is pleased to present their report to the shareholders together with the audited consolidated financial statements of the Company and its subsidiaries ("**Novo**" or the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the year ended 30 April 2012.

Principal activities

The Group is principally engaged in trading and distribution of steel products and related raw materials.

Results and dividends

The results of the Group for the year ended 30 April 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements, on pages 51 to 116 of this Annual Report.

The Directors recommended the payment of a final dividend of 1.0 Singapore cent per ordinary share for the year to the shareholders whose name appear on the register of members of the Company at the close of business on 12 September 2012. Such dividend will be paid on 4 October 2012 subject to the shareholders' approval at the forthcoming Annual General Meeting ("**AGM**").

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 14 to the financial statements.

The valuation of the Group's properties held as at 30 September 2010 in Hong Kong and Tianjin were approximately US$8.74 million, details of which were disclosed in the property valuation of the listing document of the Company dated 26 November 2010. For the properties held by the Group for own use, the additional depreciation that would be charged against the consolidated income statement of the Group has those properties been stated at such valuation will be approximately US$35,000 (2011: US$13,000) for the year ended 30 April 2012.

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.

Purchase, sale or redemption of the Company's listed securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities 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 2012, the Company's reserves available for distribution amounted to approximately US$2,790,922 (2011: US$2,950,644).

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 48% (2011: 58%) of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 49% (2011: 57%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 16% (2011: 28%).

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

Directors

The Directors in office during the year and up to the date of this report are:

Executive Directors

Yu Wing Keung, Dicky *(Executive Chairman)*
Chow Kin Wa *(Chief Executive Officer)*
Chow Kin San

Independent non-executive Directors

Tang Chi Loong
Foo Teck Leong
Tse To Chung, Lawrence

In accordance with Article 89 of the Articles of Association of the Company, Mr. Chow Kin Wa and Mr. Foo Teck Leong shall retire and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") (the "**HK Listing Rules**") and considers all of the independent non-executive Directors to be independent.

Directors' Service Contracts

Each of the Executive Directors has entered into a service agreement with the Company. Each of the service agreements of Mr. Yu Wing Keung, Dicky and Mr. Chow Kin Wa has a term of three years commencing on 1 May 2008 and that of Mr. Chow Kin San has a term of three years commencing from 1 June 2010, all renewable automatically upon expiry of such three-year period unless terminated by either party with not less than six months' notice in writing to each other and thereafter for such period as the Board may so decide. The Company has neither entered into a service agreement nor issued an appointment letter with each of the independent non-executive Directors, the details of which are disclosed in the "Corporate Governance Report" of this Annual Report.

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

Arrangements to enable directors to acquire shares and debentures

Save as disclosed in this report, neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' remuneration

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

Directors' interests in shares and debentures

(a) Disclosure under Singapore Law

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

	Number of ordinary shares			
	Shareholdings registered in name of Director		Shareholdings in which a Director is deemed to have an interest	
	At 30.4.2012	At 1.5.2011	**At 30.4.2012**	At 1.5.2011
The Company				
Yu Wing Keung, Dicky	**5,759,031**	5,759,031	**119,656,250**	119,656,250
Chow Kin Wa	**2,468,156**	2,468,156	**117,143,750**	117,143,750
Foo Teck Leong	**17,500**	17,500	**–**	–
Holding company				
New Page Investments Limited				
Yu Wing Keung, Dicky	**7**	7	**–**	–
Chow Kin Wa	**3**	3	**–**	–

Directors' interests in shares and debentures (Continued)

(a) Disclosure under Singapore Law (Continued)

(ii) By virtue of Section 7(4) of the Companies Act, the Directors, Mr. Yu Wing Keung, Dicky and Mr. Chow Kin Wa, being entitled to control the exercise of not less than 20% of the votes attached to voting shares in the Company as recorded in the register of Directors' shareholdings, are each deemed to have an interest in the Company and all the related corporations of the Company.

(iii) There was no change in any of the above-mentioned interests between the end of the financial year and 21 May 2012.

(b) Disclosure under Hong Kong Law

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

As at 30 April 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571) of the Laws of Hong Kong (the "**SFO**"), which were required to be notified to the Company and the SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") or which were required to be entered in the register required to be kept under Section 352 of the SFO were as follows:

			Number of ordinary shares					
Name of Directors	Long/Short position	Capacity	Personal interest	Family interest	Corporate interest	Other interest	Total	Approximate percentage of the issued share capital of the Company
Yu Wing Keung, Dicky	Long	Interest in a controlled corporation	8,271,531	–	117,143,750 (Note 2)	–	125,415,281	73.42
Chow Kin Wa	Long	Beneficial owner	2,468,156	–	–	–	2,468,156	1.45
Foo Teck Leong	Long	Beneficial owner	17,500	–	–	–	17,500	0.01

Note 1: As at 30 April 2012, the Company had 170,804,269 ordinary shares in issue.

Note 2: The 117,143,750 shares are owned by New Page Investments Limited, a holding company of the Company, which is owned as to 70% by Mr. Yu Wing Keung, Dicky and as to 30% by Mr. Chow Kin Wa. By virtue of Part XV of the SFO, Mr. Yu is deemed to be interested in all the shares owned by New Page Investments Limited.

Directors' interests in shares and debentures (Continued)

Save as disclosed above, as at 30 April 2012, none of the Company's Directors and chief executives had any interests or 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 to be notified to the Company and the SEHK pursuant to the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

Interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Company

As at 30 April 2012, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the company pursuant to section 336 of the SFO:

Name of Shareholders	Long/ Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
New Page Investments Limited	Long	Beneficial owner	117,143,750	68.58
Ma Sau Ching, Tailianna (Note)	Long	Interests in a controlled corporation held by the spouse	117,143,750	68.58
		Interest held by the spouse	8,271,531	4.84
			125,415,281	73.42

Note: Ms. Ma Sau Ching, Tailianna is the spouse of Mr. Yu Wing Keung, Dicky, an executive Director of the Company. According to the SFO, Ms. Ma is deemed to have interests in the 125,415,281 shares of the Company in which Mr. Yu has interests.

Save as disclosed above, as at 30 April 2012, no person other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations" above, had registered on interest or short position in the shares or underlying shares of the company that was required to be recorded pursuant to section 336 of the SFO.

Directors' interests in contracts

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

Save for the above, no contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted as the end of the year or at any time during the year.

Directors' contractual benefits

Save as disclosed in the financial statements, since the end of the previous 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.

Pre-emptive rights

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

Directors' interests in competing business

During the year and up to the date of this report, none of the Directors has any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

Share option

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

Audit Committee

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

Foo Teck Leong *(Chairman)*
Tang Chi Loong
Tse To Chung, Lawrence

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

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

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

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

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

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

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

Audit Committee (Continued)

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

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

Further details regarding the Audit Committee are disclosed in the "Corporate Governance Report" of this Annual Report.

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

Internal Controls

The Company is committed to maintaining a sound system of internal controls. Information on the internal controls system adopted by the Company is set out in the "Corporate Governance Report" of this Annual Report.

Independent auditors

The independent auditors, Messrs Baker Tilly TFW LLP has expressed its willingness to accept re-appointment as independent auditors of the Company.

Sufficient public float

Based on information that is publicly available to the Company and with the knowledge of the Directors, the Company had maintained sufficient public float of at least 25% of the Company's total issued share capital as at 30 April 2012.

On behalf of the Board

Yu Wing Keung, Dicky
Director

Chow Kin Wa
Director

18 July 2012

Statement by Directors

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 51 to 116 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 April 2012 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Yu Wing Keung, Dicky
Director

Chow Kin Wa
Director

18 July 2012

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVO GROUP LTD.
(Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of NOVO GROUP LTD. (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 51 to 116, which comprise the statements of financial position of the Group and Company as at 30 April 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and Company as at 30 April 2012 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Certified Public Accountants
Singapore

18 July 2012

Consolidated Income Statement

For the Year Ended 30 April 2012

	Note	2012 US$	2011 US$
Revenue	5	**327,818,525**	501,605,557
Cost of sales		**(308,885,893)**	(467,681,826)
Gross profit		**18,932,632**	33,923,731
Other income	6	**1,962,243**	2,629,534
Distribution and selling expenses	7	**(14,554,044)**	(23,848,809)
Administrative expenses		**(7,320,099)**	(6,721,432)
Other operating expenses		**(176,063)**	(243,946)
Finance costs	8	**(1,127,636)**	(1,034,542)
Share of results of associated companies		**78,758**	46,012
(Loss)/profit before tax	9	**(2,204,209)**	4,750,548
Income tax credit/(expenses)	11	**35,493**	(297,829)
(Loss)/profit for the year		**(2,168,716)**	4,452,719
Attributable to:			
Owners of the Company	12	**(1,875,505)**	4,520,933
Non-controlling interests		**(293,211)**	(68,214)
		(2,168,716)	4,452,719
(Loss)/earnings per share (in US cents)			
Basic	13	**(1.10)**	2.65
Diluted	13	**(1.10)**	2.65

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2012

	2012 US$	2011 US$
(Loss)/profit for the year	**(2,168,716)**	4,452,719
Other comprehensive income:		
Exchange differences on translation of the Group's overseas operations, net of tax	**508,430**	327,609
Other comprehensive income for the year	**508,430**	327,609
Total comprehensive (expenses)/income for the year	**(1,660,286)**	4,780,328
Attributable to:		
Owners of the Company	**(1,401,815)**	4,817,401
Non-controlling interests	**(258,471)**	(37,073)
	(1,660,286)	4,780,328

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

Statements of Financial Position

As At 30 April 2012

	Note	Group 2012 US$	Group 2011 US$	Company 2012 US$	Company 2011 US$
Non-current assets					
Property, plant and equipment	14	**19,777,541**	9,818,297	**–**	–
Investments in associated companies	15	**588,492**	509,734	**–**	–
Investments in subsidiaries	16	**–**	–	**79,588,417**	79,588,416
		20,366,033	10,328,031	**79,588,417**	79,588,416
Current assets					
Inventories	17	**13,664,774**	19,347,103	**–**	–
Derivative financial instruments	18	**261,559**	–	**–**	–
Trade and other receivables	19	**41,918,043**	35,599,421	**34,453,826**	34,490,542
Tax recoverable		**45,432**	11,571	**–**	–
Cash and bank balances	20	**27,554,890**	35,828,192	**249,880**	332,464
		83,444,698	90,786,287	**34,703,706**	34,823,006
Total assets		**103,810,731**	101,114,318	**114,292,123**	114,411,422
Non-current liabilities					
Borrowings (secured)	21	**5,000,000**	–	**–**	–
Deferred income	22	**186,059**	183,675	**–**	–
		5,186,059	183,675	**–**	–
Current liabilities					
Trade and other payables	23	**28,424,366**	20,238,410	**160,789**	117,241
Deferred income	22	**4,008**	3,867	**–**	–
Derivative financial instruments	18	**254,438**	–	**–**	–
Borrowings (secured)	21	**11,550,981**	18,076,464	**–**	–
Tax payable		**6,925**	306,998	**–**	3,125
		40,240,718	38,625,739	**160,789**	120,366
Total liabilities		**45,426,777**	38,809,414	**160,789**	120,366
Net assets		**58,383,954**	62,304,904	**114,131,334**	114,291,056
Equity					
Share capital	24	**32,238,531**	32,238,531	**108,739,451**	108,739,451
Retained earnings		**21,307,450**	26,015,552	**2,790,922**	2,950,644
Foreign currency translation reserve		**772,517**	298,827	**–**	–
Other reserve	25	**2,600,961**	2,600,961	**2,600,961**	2,600,961
Total equity attributable to owners of the Company		**56,919,459**	61,153,871	**114,131,334**	114,291,056
Non-controlling interests		**1,464,495**	1,151,033	**–**	–
Total equity		**58,383,954**	62,304,904	**114,131,334**	114,291,056

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

Statements of Changes in Equity

For the Year Ended 30 April 2012

Group	Note	Share capital US$	Retained earnings US$	Foreign currency translation reserve US$	Other reserve US$	Total equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 May 2010		32,238,531	25,335,618	2,359	2,600,961	60,177,469	1,098,167	61,275,636
Profit for the year		–	4,520,933	–	–	4,520,933	(68,214)	4,452,719
Other comprehensive income								
Exchange differences on translation of the Group's overseas operations, net of tax		–	–	296,468	–	296,468	31,141	327,609
Other comprehensive income for the year		–	–	296,468	–	296,468	31,141	327,609
Total comprehensive income for the year		–	4,520,933	296,468	–	4,817,401	(37,073)	4,780,328
Distributions to owners of the Company								
Dividend paid	26	–	(3,844,067)	–	–	(3,844,067)	–	(3,844,067)
Total distributions to owners of the Company		–	(3,844,067)	–	–	(3,844,067)	–	(3,844,067)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests that do not result in change of control		–	3,068	–	–	3,068	89,939	93,007
Total changes in ownership interests in subsidiaries		–	3,068	–	–	3,068	89,939	93,007
Total transactions with owners of the Company recognised directly in equity		–	(3,840,999)	–	–	(3,840,999)	89,939	(3,751,060)
Balance at 30 April 2011		32,238,531	26,015,552	298,827	2,600,961	61,153,871	1,151,033	62,304,904

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

Statements of Changes in Equity (cont'd)

For the Year Ended 30 April 2012

Group	Note	Share capital US$	Retained earnings US$	Foreign currency translation reserve US$	Other reserve US$	Total equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 May 2011		32,238,531	26,015,552	298,827	2,600,961	61,153,871	1,151,033	62,304,904
Loss for the year		–	(1,875,505)	–	–	(1,875,505)	(293,211)	(2,168,716)
Other comprehensive income								
Exchange differences on translation of the Group's overseas operations, net of tax		–	–	473,690	–	473,690	34,740	508,430
Other comprehensive income for the year		–	–	473,690	–	473,690	34,740	508,430
Total comprehensive (expenses)/ income for the year		–	(1,875,505)	473,690	–	(1,401,815)	(258,471)	(1,660,286)
Distributions to owners of the Company								
Dividend paid	26	–	(2,832,597)	–	–	(2,832,597)	–	(2,832,597)
Total distributions to owners of the Company		–	(2,832,597)	–	–	(2,832,597)	–	(2,832,597)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests that do not result in change of control		–	–	–	–	–	571,933	571,933
Total changes in ownership interests in subsidiaries		–	–	–	–	–	571,933	571,933
Total transactions with owners of the Company recognised directly in equity		–	(2,832,597)	–	–	(2,832,597)	571,933	(2,260,664)
Balance at 30 April 2012		**32,238,531**	**21,307,450**	**772,517**	**2,600,961**	**56,919,459**	**1,464,495**	**58,383,954**

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

Statements of Changes in Equity (cont'd)

For the Year Ended 30 April 2012

Company	Note	Share capital US$	Retained earnings US$	Other reserve US$	Total US$
Balance at 1 May 2010		108,739,451	3,977,520	2,600,961	115,317,932
Profit for the year		–	2,817,191	–	2,817,191
Distributions to owners of the Company					
Dividend paid	26	–	(3,844,067)	–	(3,844,067)
Total distributions to owners of the Company		–	(3,844,067)	–	(3,844,067)
Total transactions with owners of the Company recognised directly in equity		–	(3,844,067)	–	(3,844,067)
Balance at 30 April 2011		108,739,451	2,950,644	2,600,961	114,291,056
Profit for the year		–	2,672,875	–	2,672,875
Distributions to owners of the Company					
Dividend paid	26	–	(2,832,597)	–	(2,832,597)
Total distributions to owners of the Company		–	(2,832,597)	–	(2,832,597)
Total transactions with owners of the Company recognised directly in equity		–	(2,832,597)	–	(2,832,597)
Balance at 30 April 2012		**108,739,451**	**2,790,922**	**2,600,961**	**114,131,334**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 April 2012

	Note	2012 US$	2011 US$
Cash flows from operating activities			
(Loss)/profit before tax		**(2,204,209)**	4,750,548
Adjustments for:			
Amortisation of deferred income	6	**(3,958)**	(3,767)
Fair value gains on derivative financial instruments	6	**(7,120)**	–
Depreciation of property, plant and equipment	9	**493,192**	298,990
Loss on disposal of property, plant and equipment		**–**	1,546
Interest expense		**770,554**	578,913
Interest income	6	**(267,791)**	(18,265)
Impairment of property, plant and equipment	9	**145,154**	–
Net realised gains on derivative financial instruments	6	**(237,213)**	–
Share of results of associated companies		**(78,758)**	(46,012)
Written off of prepayment and other receivables	9	**39,099**	135,000
Operating cash flows before movements in working capital		**(1,351,050)**	5,696,953
Inventories		**5,682,329**	7,180,781
Trade and other receivables		**(6,367,132)**	(11,054,919)
Trade and other payables		**8,185,954**	6,741,679
Currency translation differences		**389,737**	(292,094)
Cash generated from operations		**6,539,838**	8,272,400
Income tax paid, net		**(302,304)**	(1,416,201)
Interest income received		**267,791**	18,265
Net cash from operating activities		**6,505,325**	6,874,464
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	231
Purchase of property, plant and equipment	14	**(10,343,954)**	(2,412,104)
Acquisition of additional interest in a subsidiary, net of cash acquired	20A	**–**	(12,745)
Net cash received from realised derivative financial instruments		**246,640**	–
Net cash used in investing activities		**(10,097,314)**	(2,424,618)

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

Consolidated Statement of Cash Flows (cont'd)

For the Year Ended 30 April 2012

	Note	2012 US$	2011 US$
Cash flows from financing activities			
Repayment to directors		**–**	(738,247)
Repayment to a non-controlling shareholder		**–**	(288,630)
Dividend paid		**(2,832,597)**	(3,844,067)
(Increase)/decrease in pledged deposits		**(4,171,079)**	10,883,732
Net proceeds from short term borrowings		**5,463,500**	2,667,024
Drawdown of bank borrowings		**22,232,777**	5,694,300
Repayment of bank borrowings		**(29,358,970)**	(4,238,182)
Interest expense paid		**(790,429)**	(578,913)
Capital injection by non-controlling shareholders		**571,933**	105,752
Net cash (used in)/from financing activities		**(8,884,865)**	9,662,769
Net (decrease)/increase in cash and cash equivalents		**(12,476,854)**	14,112,615
Cash and cash equivalents at beginning of the year		**27,747,392**	13,047,929
Effect of currency translation on cash and cash equivalents		**32,473**	586,848
Cash and cash equivalents at end of the year	20	**15,303,011**	27,747,392

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

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

1. General

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

The registered office of the Company is at 20 Harbour Drive, #05-01 PSA Vista, Singapore 117612. The headquarter and principal place of business of the Group is at Rooms 1109-1111, 11th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

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

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for the current financial year.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

The adoption of these new/revised FRSs did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the financial statements except for the adoption of the following new/revised FRS which are relevant to the Group:

(i) Measurement of non-controlling interests in business combinations

With effect from 1 May 2011, the Group has applied the amendments to FRS 103 Business Combinations resulting from the Improvements to FRSs 2010 in measuring at the acquisition date, non-controlling interests that are not present ownership interests and do not entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. With the amendment, such non-controlling interests are now measured at fair value.

Previously, the Group's accounting policy enables the Group to elect on a transaction-by-transaction basis whether to measure non-controlling interests that are not present ownership interests and do not entitle holders to proportionate share of the acquiree's net assets on liquidation at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date.

This change has been made to the Group's accounting policy (see note 2(c)) and will apply prospectively to new business combinations occurring on or after 1 May 2011. This change has no material impact on the financial statements of the Group.

(ii) Identification of related party relationships

With effect from 1 May 2011, the Group has applied the revised FRS 24 Related Party Disclosures (2010) to identify parties that are related to the Group and for determination of required related party disclosures. The wordings in the revised FRS 24 were improved to provide clarity and additional guidance in the definitions and disclosures for related parties.

The adoption of FRS 24 (2010) affects only disclosures made in the financial statements. There is no financial effect on the financial statements of the Group. The Group's related party disclosures are made in note 4.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

At the end of the reporting period, the following FRS and INT FRS were issued, revised or amended but not effective:

FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures – Transfers of Financial Assets
Amendments to FRS 107	Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group.

(b) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

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

2. Summary of significant accounting policies (Continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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.

Intra-group 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.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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, the excess is recognised as gain on 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 owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

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.

2. Summary of significant accounting policies (Continued)

(c) Basis of consolidation (Continued)

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

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

(d) Associated companies

An associated company is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2. Summary of significant accounting policies (Continued)

(d) Associated companies (Continued)

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are 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 or associated company, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 2(d).

(f) Revenue and other operating income

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

These are recognised on the following basis:

Sales of goods	–	when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.
Interest income	–	on a time proportion basis using the effective interest method.

2. Summary of significant accounting policies (Continued)

(g) 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 expensed in the period they occur.

(h) 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 ("**HK**") 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 ("**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.

(i) Income taxes

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

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

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

2. Summary of significant accounting policies (Continued)

(i) Income taxes (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, 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.

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

(j) Property, plant and equipment

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

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

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

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

	No. of years
Leasehold land and buildings	40 to 50 years
Furniture and equipment	5 to 20 years
Computer equipment	3 to 6 years
Motor vehicles	5 years
Renovation	5 years

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.

2. Summary of significant accounting policies (Continued)

(j) Property, plant and equipment (Continued)

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

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

(k) Impairment of non-financial assets excluding goodwill

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

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

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

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

(l) Financial assets

(i) Classification

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

2. Summary of significant accounting policies (Continued)

(l) Financial assets (Continued)

(i) Classification (Continued)

Financial assets, at fair value through profit or loss

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

Loans and receivables

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

(ii) Recognition and derecognition

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

(iii) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs. Financial assets at fair value through profit or loss are recognised at fair value and transaction costs are recognised as expenses. Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into.

2. Summary of significant accounting policies (Continued)

(l) Financial assets (Continued)

(iv) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value.

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

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

At the end of each reporting period the fair value of derivative financial instruments is remeasured. The gain or loss on remeasurement of fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation.

Interest income is recognised separately in profit or loss.

(v) Impairment

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

Loans and receivables

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

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

2. Summary of significant accounting policies (Continued)

(m) Financial liabilities

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

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

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

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

(n) Financial guarantees

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

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

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

(o) 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.

(p) Provisions for liabilities

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

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

2. Summary of significant accounting policies (Continued)

(q) 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 statement 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.

(r) Foreign currencies

(i) Functional and presentation currency

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

(ii) 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 included in the currency transaction reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group 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.

2. Summary of significant accounting policies (Continued)

(r) Foreign currencies (Continued)

(iii) Translation of Group entities' financial statements

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

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

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

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

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

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

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

(s) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(t) Operating leases

(i) When a group entity is the lessee

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

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

2. Summary of significant accounting policies (Continued)

(t) Operating leases (Continued)

(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.

(u) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and unsecured demand deposits and fixed deposits which form an integral part of the Group's cash management, and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs 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.

(w) Dividend

Interim dividends are recorded during the year in which they are declared payable. Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

(x) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

(y) Government grants

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosure 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.

(a) Critical judgment made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgments apart from those involving estimations which have significant effect on amounts recognised in the financial statements.

(i) Impairment of investments and financial assets

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other than temporarily impaired. This determination requires significant judgment by the Group which evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost, and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The carrying amount of the Group's financial assets is disclosed in Note 30(a).

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and recoverable as at 30 April 2012 was US$6,925 (2011: US$306,998) and US$45,432 (2011: US$11,571), respectively.

(b) 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:

(i) Depreciation of property, plant and equipment

Management estimates the useful lives of the Group's property, plant and equipment to be within 3 to 50 years. The estimates for the useful lives and related depreciation charges for its property, plant and equipment are based on commercial factors which could change significantly as a result of level of usage, technical innovation and competitor actions in response to severe market conditions. Changes in those commercial factors could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 30 April 2012 was US$19,777,541 (2011: US$9,818,297).

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

(b) Key sources of estimation uncertainty (Continued)

(ii) Impairment of non-financial assets

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. The fair value less costs to sell calculation is based on available date from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. During the year ended 30 April 2012, the Group impaired property, plant and equipment amounted to US$145,154 (2011: Nil).

4. Related party transactions

(a) In addition to information disclosed elsewhere in the consolidated financial statements, the following related party transactions took place between the Group and related parties during the year on terms agreed by the parties concerned:

		Group	
		2012	2011
		US$	US$
Continuing			
Sales of goods to related parties	(i)	**116,404**	2,743,625
Purchases of goods from related parties	(i)	**164,663**	7,196,884
Warehouse rental charges paid to related parties	(ii)	**199,311**	407,138
Office rental paid to a related party	(iii)	**107,461**	–
Miscellaneous expenses charged by associated companies	(iv)	**122,212**	–
Distribution agency fees paid to an associated company	(v)	**–**	49,860
Discontinued			
Office rent paid to a related party	(vi)	**–**	8,077
L/C agency fees to a related party	(vii)	**–**	109,666
Purchase of goods from an associated company	(i)	**–**	3,524,659

4. Related party transactions (Continued)

(a) (Continued)

(i) Sales and purchases of goods to and from related parties and an associated company related to the trading of steel products. All trading transactions are made at similar terms as the Group grants to other independent third parties.

(ii) Charges paid to related parties for leasing warehouses for daily operation of the Group.

(iii) Charges paid to a related party for leasing an office for daily operation of the Group.

(iv) Handling fee charged by associated companies for issuance of sales and purchase contracts.

(v) Distribution agency fee paid to an associated company for conducting business activities. The charge rate was US$10 per tonne of actual quantity shipped.

(vi) Charges paid to a related party for leasing an office for daily operation of the Group. The lease was terminated with effective from 5 December 2010.

(vii) Agency fee paid to a related party for handling and arranging letters of credit. The charge rate was US$10.13 per tonne of actual quantity shipped.

Note:

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

Save as above note, all related party transactions above constitute connected transactions or continuing connected transactions as defined in chapter 14A of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

	Group	
	2012	2011
	US$	US$
Directors' fee	**93,503**	89,406
Salaries and bonuses	**1,424,463**	1,366,361
Contributions to defined contribution plans	**20,239**	25,082
	1,538,205	1,480,849
Comprise amounts paid to:		
– Directors of the Company	**920,517**	900,893
– Other key management personnel	**617,688**	579,956
	1,538,205	1,480,849

Further details of the directors' remunerations are included in Note 10 to the financial statements.

5. Revenue

	Group	
	2012	2011
	US$	US$
Sales of steel products	**269,752,433**	487,345,085
Sales of coal	**58,066,092**	14,260,472
	327,818,525	501,605,557

6. Other income

	Group	
	2012	2011
	US$	US$
Amortisation of deferred income (Note 22)	**3,958**	3,767
Fair value gains on derivative financial instruments	**7,120**	–
Government grants #	**697,827**	–
Net compensation received	**–**	2,227,153
Net realised gains on derivative financial instruments	**237,213**	8,718
Rental income	**–**	17,939
Sundry income	**377,030**	55,519
Transportation income	**371,304**	298,173
	1,694,452	2,611,269
Bank interest income	**267,791**	18,265
	1,962,243	2,629,534

During the current year, a subsidiary incorporated in the PRC received a one-off cash incentive from the government of the People's Government of Daduo, Xing Hua Shi, the PRC as an appreciation of project contribution. The grant is recognised as income upon receipt.

7. Distribution and selling expenses

	Group	
	2012 US$	2011 US$
Distribution agency fees	1,513,875	2,112,317
Freight charges	11,557,151	17,705,307
Freight insurance	134,232	193,865
Inspection fees	318,948	238,355
L/C agency fees	–	109,666
Port handling charges	125,688	1,488,128
Shipping handling charges	115,573	850,921
Transportation charges	563,975	641,040
Warehouse charges	213,267	449,481
Others	11,335	59,729
	14,554,044	23,848,809

8. Finance costs

	Group	
	2012 US$	2011 US$
Bank charges	357,082	455,629
Interest on bank borrowings	790,200	578,913
Bank overdraft interest	229	–
	1,147,511	1,034,542
Less: Finance costs capitalised into construction in progress (Note 14)	(19,875)	–
	1,127,636	1,034,542

9. (Loss)/profit before tax

(Loss)/profit before tax is determined after charging/(crediting):

	Group	
	2012	2011
	US$	US$
Audit fees paid to:		
– auditor of the Company	**78,974**	73,951
– other auditors	**61,039**	52,048
Non-audit fees paid to:		
– auditor of the Company	**22,865**	6,747
– other auditors	**14,474**	263,225
Depreciation of property, plant and equipment	**493,192**	298,990
Loss on disposal of property, plant and equipment	**–**	1,546
Material costs recognised as an expense in cost of sales	**308,885,893**	467,681,826
Pre-operating expenses	**19,162**	1,067
Rental expenses	**241,079**	96,076
Net exchange losses/(gains)	**30,909**	(1,208,456)
Staff costs (Note 10)	**4,334,596**	3,694,059
Written off of prepayment and other receivables	**39,099**	135,000
Impairment of property, plant and equipment	**145,154**	–

10. Staff costs

	Group	
	2012	2011
	US$	US$
Staff cost (including directors' emoluments)		
– Salaries, wages and other benefits	**4,173,379**	3,559,870
– Contribution to defined contribution plans	**161,217**	134,189
	4,334,596	3,694,059

10. Staff costs (Continued)

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

	Group	
	2012	2011
	US$	US$
Tang Chi Loong	34,413	32,423
Foo Teck Leong	36,013	36,083
Tse To Chung, Lawrence	23,077	10,384
Chua Keng Hiang (resigned on 27 August 2010)	–	10,516
	93,503	89,406

There were no other emoluments payable to the independent non-executive Directors during the years ended 30 April 2012 and 2011.

(b) Remunerations of executive Directors

	Fees US$	Salaries and benefits in-kind US$	Defined contribution plans US$	Total remuneration US$
Group				
2012				
Yu Wing Keung, Dicky	–	320,000	1,538	321,538
Chow Kin Wa	–	256,000	1,538	257,538
Chow Kin San	–	246,400	1,538	247,938
	–	822,400	4,614	827,014
Group				
2011				
Yu Wing Keung, Dicky	–	320,000	1,538	321,538
Chow Kin Wa	–	256,000	1,538	257,538
Chow Kin San	–	231,000	1,411	232,411
	–	807,000	4,487	811,487

There were no arrangements under which a Director waived or agreed to waive any remuneration during the years ended 30 April 2012 and 2011.

During the years ended 30 April 2012 and 2011, no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. Staff costs (Continued)

(c) Five highest paid employees

The five highest paid employees in the Group for the year included three (2011: three) Directors, details of whose remuneration are set out in note (b) above. Details of the remaining two (2011: two) non-directors highest paid employees for the year are as follows:

	Group	
	2012	2011
	US$	US$
Salaries and bonus	**333,067**	367,672
Contribution to defined contribution plans	**3,077**	3,077
	336,144	370,749

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

	Group	
	2012	2011
HKD1,500,001 to below HKD2,000,000	**1**	1
HKD1,000,001 to below HKD1,500,000	**–**	1
HKD500,001 to below HKD1,000,000	**1**	–
Below HKD500,000	**–**	–
	2	2

During the years ended 30 April 2012 and 2011, no remuneration was paid by the Group to the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

11. Income tax

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

	Group	
	2012	2011
	US$	US$
Current tax – SG		
Provision for the year	**–**	240,000
Overprovision in prior years	**(7,218)**	(24,945)
Current tax – HK		
Overprovision in prior years	**(1)**	(6)
Current tax – Others		
Provision for the year	**23,195**	82,643
(Over)/under provision in prior years	**(51,469)**	137
	(35,493)	297,829

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

	Group	
	2012	2011
	US$	US$
(Loss)/profit before tax	**(2,204,209)**	4,750,548
Less: Share of results of associated companies	**(78,758)**	(46,012)
	(2,282,967)	4,704,536

	Group	
	2012	2011
	US$	US$
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(187,609)**	340,398
Expenses not deductible for tax purpose	**41,345**	287,935
Income not subject to tax	**(567,975)**	(193,514)
Income subject to concessionary tax rate	**(10,529)**	(133,698)
Over provision of tax in prior years	**(58,688)**	(24,814)
Tax effect on temporary differences not recognised	**17,365**	(429)
Utilisation of previously unrecognised tax losses	**–**	(61,117)
Tax effect of unused tax losses not recognised	**721,806**	99,540
Others	**8,792**	(16,472)
Income tax (credit)/expenses	**(35,493)**	297,829

11. Income tax (Continued)

No provision for Singapore income tax has been made as the Group has no assessable profit for the year ended 30 April 2012. Taxes on profits assessable in Singapore had been calculated at 17% for the year ended 30 April 2011.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the years ended 30 April 2012 and 2011.

Taxes on profits assessable in the PRC has been calculated at 25% (2011: 25%) for the year ended 30 April 2012.

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

Unrecognised deferred tax assets

At the end of the reporting period, the Group has unrecognised tax losses of US$3,842,000 (2011: US$688,000) that are available for carry forward to offset against future taxable income 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$828,000 (2011: US$114,000) has not been recognised in respect of these tax losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$ Nil (2011: US$39,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

12. Profit attributable to owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 30 April 2012 includes a profit of US$2,672,875 (2011: US$2,817,191) which has been dealt with in the financial information of the Company.

13. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share is calculated based on the Group's (loss)/profit for the year attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the financial years ended 30 April 2012 and 2011.

	Group	
	2012	2011
	US$	US$
(Loss)/profit attributable to owners of the Company	**(1,875,505)**	4,520,933

	Number of shares	
	'000	'000
Weighted average number of ordinary shares	**170,804**	170,804

There were no potentially dilutive ordinary shares in existence during the years ended 30 April 2012 and 2011 and therefore the diluted (loss)/earnings per share amounts for those years were the same as the basic (loss)/earnings per share.

14. Property, plant and equipment

Group	Leasehold land and buildings US$	Furniture and equipment US$	Computer equipment US$	Motor vehicles US$	Renovation US$	Construction work in progress US$	Total US$
2012							
Cost							
At 1.5.2011	7,010,754	63,432	86,768	751,452	129,247	2,371,245	10,412,898
Additions	3,493,124	34,274	21,556	197,424	45,427	6,572,024	10,363,829
Exchange realignment	117,600	8,596	6,029	14,042	19	91,773	238,059
At 30.4.2012	10,621,478	106,302	114,353	962,918	174,693	9,035,042	21,014,786
Accumulated depreciation and impairment loss							
At 1.5.2011	301,567	17,671	40,090	172,935	62,338	–	594,601
Charge for the year	245,842	17,558	19,376	183,171	27,245	–	493,192
Impairment loss	–	–	–	–	–	145,154	145,154
Exchange realignment	2,536	41	(163)	1,882	2	–	4,298
At 30.4.2012	549,945	35,270	59,303	357,988	89,585	145,154	1,237,245
Net carrying value							
At 30.4.2012	10,071,533	71,032	55,050	604,930	85,108	8,889,888	19,777,541

14. Property, plant and equipment (Continued)

Group	Leasehold land and buildings US$	Furniture and equipment US$	Computer equipment US$	Motor vehicles US$	Renovation US$	Construction work in progress US$	Total US$
2011							
Cost							
At 1.5.2010	6,954,465	31,338	69,956	329,865	71,952	463,788	7,921,364
Additions	–	37,433	16,622	416,060	57,295	1,884,694	2,412,104
Disposal	–	(5,478)	–	–	–	–	(5,478)
Exchange realignment	56,289	139	190	5,527	–	22,763	84,908
At 30.4.2011	7,010,754	63,432	86,768	751,452	129,247	2,371,245	10,412,898
Accumulated depreciation							
At 1.5.2010	146,270	11,979	24,072	73,990	40,244	–	296,555
Charge for the year	154,114	9,356	15,972	97,454	22,094	–	298,990
Disposal	–	(3,701)	–	–	–	–	(3,701)
Exchange realignment	1,183	37	46	1,491	–	–	2,757
At 30.4.2011	301,567	17,671	40,090	172,935	62,338	–	594,601
Net carrying value							
At 30.4.2011	6,709,187	45,761	46,678	578,517	66,909	2,371,245	9,818,297

The Group's construction work in progress included finance costs arising from bank loans borrowed specifically for the purpose of the construction of manufacturing plant in the PRC. During the year ended 30 April 2012, the finance costs capitalised as cost of construction work in progress amounted to US$19,875 (2011: Nil). The rate used to determine the amount of finance costs eligible for capitalisation was 5.3% per annum (2011: Nil), which is the effective interest rate of the specific borrowing.

14. Property, plant and equipment (Continued)

At the end of the reporting period, property, plant and equipment with the following net carrying value were pledged to certain banks for banking facilities (Note 21):

	Group	
	2012	2011
	US$	US$
Leasehold land and buildings	**8,888,726**	5,542,089
Construction work in progress	**6,146,402**	–
	15,035,128	5,542,089

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

	Group	
	2012	2011
	US$	US$
Long leasehold land and building in HK	**5,411,419**	5,542,089
Long leasehold land and building in Shanghai, PRC	**1,531,584**	–
Long leasehold land in Tianjin, PRC	**1,182,807**	1,167,098
Long leasehold land in Jiangsu, PRC	**1,945,723**	–
	10,071,533	6,709,187

15. Investments in associated companies

The following information relates to the associated companies:

Name of company	Place of incorporation	Particulars of issued and fully paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2012	2011
				%	%
Held by GLOBAL WEALTH TRADING LIMITED					
RICO GROUP LIMITED#	BVI	US$100	Investment holding	**30**	30
NOVOSTAL PTE. LTD.@	SG	SGD2,000,000	Trading and investment	**30**	30
Held by RICO GROUP LIMITED					
NOVOSTAL LIMITED@@	HK	HKD15,600,000	Trading and investment	**30**	30
Held by Novo Commodities PTE Ltd					
POS-SEA PTE. LTD.@@@	SG	US$2,000,000	Procurement of steel products and materials	**24.5**	24.5

\# not required to be audited in the country of incorporation

@ audited by Tan, Teo & Partners PAC

@@ audited by Shom & Yu CPA Limited

@@@ audited by Uhy Lee Seng Chan & Co

The summarised financial information of the Group's associated companies, which is not adjusted for the percentage of ownership interest held by the Group, are as follows:

	2012 US$	2011 US$
Revenue	**63,040,153**	48,539,299
Loss after tax	**(146,664)**	(512,016)
Total assets	**5,651,398**	3,314,528
Total liabilities	**(6,399,305)**	(3,912,807)

The Group has not recognised losses amounting to US$575,546 (2011: US$551,805) for RICO GROUP LIMITED, US$369,259 (2011: US$252,562) for NOVOSTAL PTE. LTD. because the Group's share of losses has exceeded its interests in these associated companies. The accumulated losses not recognised as at 30 April 2012 is US$944,805 (2011: US$804,367).

16. Investments in subsidiaries

	Company 2012 US$	Company 2011 US$
Unquoted equity shares, at cost	**79,588,417**	79,588,416

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 2012 %	2011 %
Held by the Company					
NOVO COMMODITIES LIMITED**	HK	HKD8,000,000	Trading and investment	**100**	100
NOVA MARITIME (B.V.I.) LIMITED#	BVI	US$10	Shipping brokerage	**100**	100
NOVO OVERSEAS HOLDINGS PTE. LTD.*	SG	SGD200,000	Investment holding	**100**	100
NOVO COMMODITIES PTE. LTD.*	SG	SGD200,000	Trading and investment	**100**	100
GLOBAL WEALTH TRADING LIMITED#	BVI	US$10	Investment holding	**100**	100
NOVO COMMODITIES LIMITED#	BVI	US$10	Trading and investment	**100**	100
Novo Development Limited#	BVI	US$10	Investment holding	**100**	100
Iron Shipping Limited#	BVI	US$10	Shipping brokerage	**100**	100
Novo Resources Limited**	HK	HKD1,000,000	Trading and investment	**100**	100
Novo Management Services Limited@@(a)	HK	HKD1	Provision of management services	**100**	–
NOVO COAL PTE. LTD.*(a)	SG	SGD1	Investment holding	**100**	–

16. Investments in subsidiaries (Continued)

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 2012	2011
				%	%
Held by NOVO COMMODITIES LIMITED (Hong Kong)					
NOVO COMMODITIES PRIVATE LIMITED[@]	India	Rupee1,000,000	Trading and investment	**100**	100
Held by GLOBAL WEALTH TRADING LIMITED					
XINGHUA HOLDINGS LIMITED[#]	BVI	US$50,000	Investment holding	**100**	100
Qiang Hua Trading Limited[@@]	HK	HKD10	Trading and investment	**100**	100
Held by Novo Development Limited (BVI)					
Novo Development Limited[@@]	HK	HKD10	Trading and investment	**100**	100
Held by XINGHUA HOLDINGS LIMITED					
Novo Iron Ore Limited[@@(b)]	HK	HKD10	Trading and investment	**100**	100
Held by Qiang Hua Trading Limited					
Qiang Hua (Shanghai) Trading Limited[@^^Δ]	The PRC	RMB20,000,000	Trading and investment	**80**	80
Held by Novo Development Limited (Hong Kong)					
NOVO DEVELOPMENT (TIANJIN) LIMITED[@^]	The PRC	US$4,135,961	Process and sales of steel and metal products	**100**	100

16. Investments in subsidiaries (Continued)

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 2012	2011
				%	%
Held by NOVO OVERSEAS HOLDINGS PTE. LTD.					
Novosteel DMCC***	United Arab Emirates	AED200,000	Trading and investment	100	100
Novo Commodities PTE Ltd#	BVI	US$10	Investment holding	100	100
Novo Steel Limited#	BVI	US$10	Investment holding	100	100
Novo Resources Limited#	BVI	US$10	Trading and investment	100	100
Novo Shipping Ltd#	BVI	US$10	Trading and investment	100	100
Novo Investment Limited#	BVI	US$10	Investment holding	100	100
Novo ETP Limited#	BVI	US$10	Investment holding	100	100
Novo Minerals Limited#(a)	BVI	US$1	Investment holding	100	–
Novo Power Limited##(a)	HK	HKD10	Investment holding	100	–
Novo Zhiri Resources Limited(a)(b)	HK	HKD20	Investment holding	50	–
Held by NOVO OVERSEAS HOLDINGS PTE. LTD. & NOVO COAL PTE. LTD.					
PT. NOVO COAL##(a)	Indonesia	US$500,000	Trading	100	–

16. Investments in subsidiaries (Continued)

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 2012	2011
				%	%
Held by Novo Investment Limited (BVI)					
NOVO INVESTMENT LIMITED**	HK	HKD10,000	Consultancy services	**100**	100
Held by NOVO INVESTMENT LIMITED (Hong Kong)					
Qingdao Novo Port Investment Logistic Limited@Δ^(a)	The PRC	RMB6,348,200	Warehousing and wholesaling	**100**	–
Held by Novo Steel Limited					
Novo Steel (HK) Limited**	HK	HKD1,000,000	Trading and investment	**51**	51
Held by Novo Shipping Ltd					
EASTERN BULK PTE. LTD.*	SG	SGD1,000,000	Shipping brokerage	**70**	70
Held by Qiang Hua (Shanghai) Trading LimitedΔ					
Hua Qiang (Shanghai) Trading Limited@^^^Δ	The PRC	RMB5,000,000	Trading and investment	**80**	80
Held by Novo ETP Limited (BVI)					
Novo ETP Limited@@	HK	HKD10	Trading and investment	**100**	100
Held by Novo ETP Limited (Hong Kong)					
Novowell ETP Limited@^^Δ	The PRC	US$13,500,000	Manufacturing and marketing	**95**	95

16. Investments in subsidiaries (Continued)

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 2012	2011
				%	%
Held by Novo Minerals Limited (BVI)					
Novo Minerals Limited[##(a)]	HK	HKD1	Investment holding	100	–
Held by NOVO COAL PTE. LTD.					
Novo Iron Ore Limited[#(a)]	BVI	US$10	Investment holding	100	–
Held by Novo Management Services Limited					
Novo Commodities Limited[#(a)]	Seychelles	US$1	Investment holding	100	–

*	audited by Baker Tilly TFW LLP
**	audited by Baker Tilly Hong Kong Limited
***	audited by Baker Tilly MKM Chartered Accountants
@	audited by other Certified Public Accountants
@@	audited by Shom & Yu CPA Limited
#	not required to be audited in the country of incorporation
##	not required to be audited as the company was incorporated during the year
^	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)	Subsidiaries incorporated during the year
(b)	In the process of deregistration

17. Inventories

	Group	
	2012	2011
	US$	US$
Merchandise goods	**13,664,774**	19,347,103

The inventories with carrying amounts of US$4,003,999 (2011: US$6,060,030) have been pledged as securities for banking facilities granted to the Group (Note 21).

18. Derivative financial instruments

	Group			
	2012		2011	
	Assets	**Liabilities**	Assets	Liabilities
	US$'000	**US$'000**	US$'000	US$'000
Foreign currency forward contracts	**261,559**	**254,438**	–	–

At 30 April 2012, the Group has the following foreign currency forward contracts denominated in USD. The major terms of these contracts are as follows:

Notional amount	Maturity date	Conversion to RMB with contracted exchange rate
USD20,000,000	7 May 2012	6.3800
USD20,000,000	10 August 2012	6.2815
USD10,000,000	15 August 2012	6.2805
USD10,000,000	16 August 2012	6.2650

At the end of the reporting date, the net fair value gains of the Group's financial assets and financial liabilities in connection with foreign currency forward contracts are estimated to be US$7,120 (2011: Nil) (Note 6). These amounts are based on quoted fair value by banks at the end of reporting period.

19. Trade and other receivables

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Advance payment to suppliers	**10,377,358**	9,300,806	**–**	–
Trade and bills receivables	**17,014,523**	17,428,130	**–**	–
	27,391,881	26,728,936	**–**	–
Dividend receivable from subsidiaries	**–**	–	**1,500,000**	1,400,000
Deposits	**37,305**	33,687	**–**	–
Temporary payment	**6,517**	129,695	**–**	–
Prepayments	**1,788,603**	1,101,059	**27,072**	38,337
Other receivables	**9,636,414**	4,328,555	**–**	19,331
Balances due from				
– subsidiaries	**–**	–	**32,926,754**	33,032,874
– associated companies	**1,786,410**	1,849,327	**–**	–
– a related company	**835,477**	985,477	**–**	–
– a non-controlling shareholder	**435,436**	442,685	**–**	–
	14,526,162	8,870,485	**34,453,826**	34,490,542
	41,918,043	35,599,421	**34,453,826**	34,490,542

The receivables due from subsidiaries, associated companies, a related company and a non-controlling shareholder are unsecured, interest-free and repayable on demand.

Trade and bills receivables of US$16,751,429 (2011: US$9,477,396) are pledged to banks for banking facilities granted (Note 21).

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

	Group	
	2012	2011
	US$	US$
Current	**14,060,484**	16,964,760
Less than 1 month past due	**1,609,195**	432,474
1 to 3 months past due	**1,344,844**	24,755
3 to 12 months past due	**–**	6,141
Amount past due but not impaired	**2,954,039**	463,370
	17,014,523	17,428,130

19. Trade and other receivables (Continued)

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

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

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

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Chinese Renminbi ("**RMB**")	**1,986**	720	**–**	–
Euro	**–**	1,822,700	**–**	–
Hong Kong Dollars ("**HKD**")	**44,095**	817,648	**13,689**	22,329
Indian Rupee ("**INR**")	**–**	448	**–**	–
Indonesian Rupiah ("**IDR**")	**5,105**	–	**–**	–
Singapore Dollars ("**SGD**")	**52,472**	22,577	**13,383**	35,339
UAE Dirham ("**AED**")	**2,178**	2,178	**–**	–

20. Cash and bank balances

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Cash on hand and at bank (unpledged portion)	**13,089,172**	27,747,392	**249,880**	332,464
Cash on hand and at bank (pledged portion)	**2,380,665**	390,446	**–**	–
Fixed deposits (unpledged portion)	**2,213,839**	–	**–**	–
Fixed deposits (pledged portion)	**9,871,214**	7,690,354	**–**	–
	27,554,890	35,828,192	**249,880**	332,464
Less: pledged cash on hand and at bank and fixed deposits	**(12,251,879)**	(8,080,800)		
Cash and cash equivalents as per consolidated statement of cash flows	**15,303,011**	27,747,392		

20. Cash and bank balances (Continued)

Group

As at year end, fixed deposits mature within 4 to 178 days (2011: 1 to 81 days) from the end of the reporting period, and have effective interest rates of 0.01% to 4.50% per annum (2011: 0.01% to 0.20% per annum).

The Group has pledged its fixed deposits and certain cash at bank to banks for banking facilities granted (Note 21).

The cash at bank at the end of the reporting period generally earns interest at rate of 0.0001% to 0.50% per annum (2011: 0.001% to 0.125% per annum).

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

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Australian Dollars	**3,472**	59	**–**	–
Brazilian Real	**799**	–	**–**	–
RMB	**5,312**	3,176	**–**	–
Euro	**96,041**	282,070	**–**	–
HKD	**240,640**	148,572	**19,911**	747
INR	**–**	12	**–**	–
IDR	**12,132**	–	**–**	–
Macau Patacas	**228**	254	**–**	–
SGD	**5,439,441**	9,045,969	**200,041**	301,808
AED	**14,643**	23,127	**–**	–
USD	**4,475,387**	3,756,475	**–**	–

20A. Acquisition of additional interest in a subsidiary

On 2 August 2010, the Group acquired from the non-controlling shareholders the remaining 49% equity interest in Novo Commodities Private Limited for a total consideration of US$12,745 which was satisfied by cash. Following the acquisition, Novo Commodities Private Limited became wholly-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition, which has no significant difference from the carrying amounts, were as follows:

	2011 US$
Net assets acquired:	
Property, plant and equipment	2,979
Trade and other receivables	104,715
Cash and bank balances	986
Tax recoverable	10,762
Trade and other payables	(87,171)
	32,271
Interest previously held	(16,458)
Non-controlling interests	15,813
Difference arising on acquisition of additional interest in a subsidiary	(3,068)
	12,745
Satisfied by:	
Cash	12,745
Net cash outflow arising on acquisition:	
Cash consideration paid	12,745

21. Borrowings (secured)

	Group	
	2012	2011
	US$	US$
Repayable more than one year		
Bank loan 1	**5,000,000**	–
Repayable within one year or on demand		
Bank loan 2	**723,081**	2,847,150
Import bill loans	**–**	1,039,136
Inventory loans	**–**	4,815,384
Mortgage loan 1	**2,238,635**	2,602,063
Mortgage loan 2	**734,830**	–
Trade receivables loans	**3,850,436**	1,351,800
Trust receipt loans	**4,003,999**	5,420,931
	11,550,981	18,076,464
	16,550,981	18,076,464

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

	Group	
	2012	2011
	US$	US$
USD	**8,850,437**	8,344,526
HKD	**2,238,635**	2,602,063

The Group's borrowings for trading operations are secured by way of:

- Legal pledge on the Group's leasehold land and buildings (Note 14);
- Legal pledge on the Group's deposits and cash margin (Note 20);
- Pledge of assets (cargo and related proceeds) underlying the financed transactions (Note 17 and 19);
- Corporate cross guarantees between joint borrowers when appropriate; and
- Corporate guarantees of the Company.

21. Borrowings (secured) (Continued)

As at 30 April 2012, the Group's borrowings for the project loan granted to one of the subsidiaries are secured by way of:

- Legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- Legal pledge of land, construction in progress, plant and equipment (Note 14);
- Share charge on a subsidiary;
- Floating mortgage; and
- Corporate guarantees of the Company.

Pledge of assets

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

	Group	
	2012	2011
	US$	US$
Leasehold land and buildings (Note 14)	**8,888,726**	5,542,089
Construction work in progress (Note 14)	**6,146,402**	–
Inventories (Note 17)	**4,003,999**	6,060,030
Trade and bills receivables (Note 19)	**16,751,429**	9,477,396
Cash on hand and at bank and fixed deposits (Note 20)	**12,251,879**	8,080,800
	48,042,435	29,160,315

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

	Group	
	2012	2011
	%	%
Bank loan 1	**5.30**	–
Bank loan 2	**6.71**	5.96
Import bills loans	**–**	1.84
Inventory loans	**–**	2.77
Mortgage loan 1	**1.20**	1.09
Mortgage loan 2	**7.05**	–
Trade receivables loans	**2.50**	2.30
Trust receipt loans	**3.35**	2.33

21. Borrowings (secured) (Continued)

The bank borrowings as at 30 April 2012 are repayable as follows:

- Bank loan 1 was repayable within 24 months after drawdown date (2011: Nil).
- Bank loan 2 was repayable within 128 days (2011: 90 to 165 days) from the drawdown date.
- Mortgage loan 1 remaining instalments repayable was 71 (2011: 83) of equal monthly instalments of US$32,680 each commencing from 30 April 2012 (2011: US$32,561 each commencing from 29 April 2011).
- Mortgage loan 2 was repayable in 111 equal monthly instalments of US$9,070 each commencing from 21 April 2012 (2011: Nil).
- Trust receipt loans were repayable within 90 days (2011: within 60 days to 120 days) from the grant date.
- Trade receivables loans were repayable within 90 days (2011: 90 days) from the commencement date.
- There were no inventory loan and import bill loans as at 30 April 2012. Inventory loans as at 30 April 2011 were repayable within 90 days to 150 days from the commencement date. Import bill loans as at 30 April 2011 were repayable within 14 days from the grant date.

22. Deferred income

	Group	
	2012	2011
	US$	US$
Grant-related to assets		
Balance at beginning of year	**192,375**	183,375
Exchange realignment	**6,711**	9,000
Balance at end of year	**199,086**	192,375
Less: Accumulated amortisation		
Balance at beginning of year	**4,833**	921
Amortisation for the year (Note 6)	**3,958**	3,767
Exchange realignment	**228**	145
Balance at end of year	**9,019**	4,833
Carrying amount	**190,067**	187,542
Represented by:		
Current liability	**4,008**	3,867
Non-current liability	**186,059**	183,675
	190,067	187,542

The grant represents infrastructure development grant received from Tianjin Economic Technological Development Area (TEDA) Construction Development Bureau to subsidise the set-up costs of a steel processing centre in Tianjin, PRC. The grant is amortised over the useful lives of the property, plant and equipment which it is subsidising (Note 14).

23. Trade and other payables

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Trade and bills payables	**13,267,785**	5,883,832	**–**	–
Sales deposits received	**5,018,669**	11,827,610	**–**	–
Accrued operating expenses	**1,971,601**	1,289,755	**158,162**	117,168
Other payables	**171,621**	923,111	**2,627**	73
Other payables for property, plant and equipment	**7,680,588**	–	**–**	–
Balances due to a non-controlling shareholder	**314,102**	314,102	**–**	–
	15,156,581	14,354,578	**160,789**	117,241
	28,424,366	20,238,410	**160,789**	117,241

The securities for bills payable are disclosed in Note 21.

The amounts payable to a non-controlling shareholder are unsecured, interest-free and repayable on demand.

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

	Group	
	2012	2011
	US$	US$
0 to 3 months	**13,265,898**	5,795,265
3 to 6 months	**–**	–
6 to 12 months	**–**	–
Over 12 months	**1,887**	88,567
	13,267,785	5,883,832

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

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
RMB	**–**	7,695	**–**	–
HKD	**107,006**	69,229	**68,109**	31,064
IDR	**931**	–	**–**	–
SGD	**142,403**	123,800	**92,681**	86,177
AED	**4,588**	–	**–**	–
USD	**318,457**	423,283	**–**	–

24. Share capital

		Group		Company	
		No. of ordinary shares	US$	No. of ordinary shares	US$
Balance at 1 May 2010		683,219,640	32,238,531	683,219,640	108,739,451
Share consolidation	(a)	(512,415,371)	–	(512,415,371)	–
Balance at 30 April 2011 and 30 April 2012		**170,804,269**	**32,238,531**	**170,804,269**	**108,739,451**

(a) On 15 November 2010, the Company's ordinary shares were consolidated on the basis that every four shares were consolidated into one consolidated share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All shares carry one vote per share without restrictions.

25. Other reserve – non-distributable

This represents net gain on disposal of treasury shares.

26. Dividend paid

	Group	
	2012 US$	2011 US$
Final tax exempt (one-tier) dividend of 2.0 (2011: 0.5 per pre-consolidated ordinary share) Singapore cents per share	**2,832,597**	2,519,717
Interim tax exempt (one-tier) dividend paid of Nil (2011: 1.0 Singapore cent)	**–**	1,324,350
	2,832,597	3,844,067

At the forthcoming annual general meeting, the Directors will propose the payment of a final tax exempt (one-tier) dividend of 1.0 Singapore cent per ordinary share for the year. These consolidated financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 30 April 2013.

27. Commitments

(a) Capital commitments

Capital commitments not provided for in the consolidated financial statements:

	Group	
	2012 US$	2011 US$
Expenditure for property, plant and equipment contracted for	**23,488,874**	1,386,108

27. Commitments (Continued)

(b) Operating lease commitments

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

	Group	
	2012	2011
	US$	US$
Not later than one financial year	**247,695**	92,356
Later than one financial year but not later than five financial years	**50,215**	98,268
	297,910	190,624

28. Contingent liabilities

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

(a) Bills discounted with recourse

	Group	
	2012	2011
	US$	US$
Discounted bills with recourse supported by letters of credit	**–**	26,458,140

(b) Guarantees

	Company	
	2012	2011
	US$	US$
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**538,021,983**	478,721,986

The Company has issued corporate guarantees to banks for banking facilities granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the term of the facilities drawn. The financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote and the Company does not expect to incur material losses under these corporate guarantees.

29. Fair value of financial instruments that are carried at fair values and whose carrying amounts are not approximation of fair value

(a) Fair value of financial instruments that are carried at fair value

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have 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 (i.e. as prices) or indirectly (i.e. derived from prices); and

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

The Group and the Company classify its derivative financial instruments (Note 18) under Level 2 financial assets and liabilities. Forward currency contracts are valued using the fair value of the contracts obtained from reputable financial institutions. The Group and the Company does not have any Level 1 and Level 3 financial assets and liabilities.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables, trade and other payables and borrowings at floating rate (Note 30(b)(iii)). The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

30. Financial instruments

(a) Categories of financial instruments

Financial assets and financial liabilities as at the end of the reporting period include the following:

	Group		Company	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Financial assets				
Loans and receivables				
Trade and other receivables	**21,836,903**	25,197,556	**34,426,754**	34,452,205
Cash and bank balances	**27,554,890**	35,828,192	**249,880**	332,464
Total loans and receivables	**49,391,793**	61,025,748	**34,676,634**	34,784,669
Derivative financial instruments	**261,559**	–	**–**	–
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**23,405,697**	8,410,800	**160,789**	117,241
Borrowings	**16,550,981**	18,076,464	**–**	–
Total financial liabilities at amortised cost	**39,956,678**	26,487,264	**160,789**	117,241
Derivative financial instruments	**254,438**	–	**–**	–

(b) Financial risk management

The Group and the Company is exposed to financial risks arising from its 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.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

30. Financial instruments (Continued)

(b) Financial risk management (Continued)

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing with counterparties with appropriate credit history.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of loans and receivables recognised in the statements of financial position and the amount of US$538,021,983 (2011: US$478,721,986) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings, respectively.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances are placed with reputable financial institutions with good credit ratings and no history of default.

At the end of the reporting period, approximately:

- 65.6% (2011: 76.8%) of the Group's trade and bill receivables were due from 5 major trade receivables; and

- 4.26% (2011: 5.19%) of the Group's trade and other receivables were due from associated companies while almost all of the Company's receivables were balances with subsidiaries.

One of the subsidiaries of the Group (the "**Subsidiary**") appointed an agent (the "**agent**") as intermediary in chartering of vessels to customers and from ship-owners. Due to the disputes between the Subsidiary's shareholders, the Subsidiary had ceased its operations in April 2010 and the net amount due from the agent was US$835,477 as at 30 April 2012.

The Subsidiary has commenced legal proceedings against the agent in 2011. The Court has ordered the agent to pay or furnish a banker's guarantee for the balance monies held on trust of the Subsidiary by 2 August 2012 of US$618,998 in order for the agent to be allowed to defend against the claims. If the agent fails to do so, the Court will judge in favour of the Subsidiary.

The Subsidiary is still discussing with their lawyer on further legal actions for the remaining balances that was disallowed.

30. Financial instruments (Continued)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Exposure to credit risk (Continued)

Based on the above, the Directors of the Company are of the view that the amount due from the agent of US$835,477 will be collectible in due course and that no provision for impairment is necessary as at 30 April 2012.

Analysis of trade and other receivables at the end of reporting period:

Not past due and not impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Non-trade balances due from subsidiaries, associated companies, a related party and a non-controlling shareholder are generally repayable on demand and no impairment loss is anticipated. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions or companies with good credit ratings and no history of default.

Past due but not impaired

The aged analysis of third parties trade receivables past due but not impaired are disclosed in Note 19.

Past due and impaired

There are no financial assets that are past due and impaired.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and 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 arose primarily from mismatches of the maturities of financial assets and liabilities.

The Group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by keeping committed credit lines available.

The Group seeks to maintain sufficient liquid financial assets and stand-by credit facilities to manage its liquidity risks.

30. Financial instruments (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	2012				2011			
Group	**Less than 1 year US$**	**1 to 5 years US$**	**More than 5 years US$**	**Total US$**	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total US$
Trade and other payables	**23,405,697**	**–**	**–**	**23,405,697**	8,410,800	–	–	8,410,800
Borrowings	**9,116,127**	**7,436,863**	**826,001**	**17,378,991**	15,977,637	1,562,928	749,160	18,289,725
	32,521,824	**7,436,863**	**826,001**	**40,784,688**	24,388,437	1,562,928	749,160	26,700,525

	2012				2011			
Company	**Less than 1 year US$**	**1 to 5 years US$**	**More than 5 years US$**	**Total US$**	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total US$
Trade and other payables	**160,789**	**–**	**–**	**160,789**	117,241	–	–	117,241
Financial guarantee contracts	**538,021,983**	**–**	**–**	**538,021,983**	478,721,986	–	–	478,721,986
	538,182,772	**–**	**–**	**538,182,772**	478,839,227	–	–	478,839,227

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

At the end of the reporting period, the Company does not consider it is probable that a claim will be made against the Company under the intra-group financial guarantee.

The Group's outstanding foreign currency forward contracts in Note 18 all have maturity within one year.

30. Financial instruments (Continued)

(b) Financial risk management (Continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group obtains financing through bank loans and trade financing facilities. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

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

	Group	
	2012	2011
	US$	US$
Fixed rate instruments		
Financial assets	**12,085,053**	1,574,804
Financial liabilities	**6,457,911**	1,000,350
Variable rate instruments		
Financial assets	**12,314,973**	25,121,155
Financial liabilities	**10,093,070**	17,076,114

Sensitivity analysis on interest rate risk is not disclosed as the impact of an increase/decrease of 50 basis points in interest rates is not expected to be significant.

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

30. Financial instruments (Continued)

(b) Financial risk management (Continued)

(iv) Foreign currency risk

Foreign currency risk arises from transactions denominated in currencies other than the respective functional currencies of the entities in the Group. Exposure to foreign currency risk is monitored on an on-going basis and management seeks to keep the net exposure to an acceptable level.

To minimise foreign currency risk, the Group conducts the majority of both its purchase and sale transactions in the same currency.

During the year, the Group entered into foreign currency forward contracts with a number of banks to reduce its exposure to mitigate its risk of foreign exchange fluctuation arising from committed new projects capital investment. These derivatives are not accounted for under hedge accounting as the Group currently does not have a formal currency hedging policy. However, the management monitors foreign exchange exposure from time to time and will further consider hedging significant foreign currency exposure should the need arise. Four foreign currency contracts were outstanding as at 30 April 2012 (2011: Nil) (Note 18).

The Group has foreign currency exposure arising mainly from cash and bank balances, trade and other receivables, trade and other payables and borrowings. Approximately US$10,288,000 (2011: US$13,300,000) of cash and bank balances, US$106,000 (2011: US$2,600,000) of trade and other receivables, US$573,000 (2011: US$630,000) of trade and other payables and US$11,089,000 (2011: US$10,950,000) of borrowings are denominated in non-functional currencies.

Sensitivity analysis of the Group's and Company's foreign currency risk exposure are not presented as a reasonably possible change of 5% in the foreign currencies exchange rates against the respective functional currencies of the Group entities, with all other variables held constant will have no significant impact on the Group's and Company's net (loss)/profit.

31. Capital management

The objective of the Group in managing its capital is to ensure the Group's ability to continue as a going concern and to maximise shareholders' values.

The Group reviews the capital structure from time to time and may make adjustments in light of the changing economic conditions, by adjusting the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowing or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the years ended 30 April 2012 and 30 April 2011.

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, loan and borrowings, trade and other payables, less cash and cash equivalents. Capital comprises share capital, reserves and retained earnings.

The Group is in compliance with all externally imposed capital requirements for the years ended 30 April 2012 and 2011.

	Group	
	2012	2011
	US$	US$
Borrowings	**16,550,981**	18,076,464
Trade and other payables	**28,424,366**	20,238,410
	44,975,347	38,314,874
Less: Cash and cash equivalents	**(15,303,011)**	(27,747,392)
Net debt	**29,672,336**	10,567,482
Equity attributable to owners of the Company	**56,919,459**	61,153,871
Capital and net debt	**86,591,795**	71,721,353
	2012	2011
	%	%
Gearing ratio	**34**	15

32. Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are raw materials, semi-finished products, finished products and others. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

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

Year ended 30 April 2012	Raw materials US$	Semi-finished products US$	Finished products US$	Others US$	Total US$
Revenue	222,031,651	31,307,153	65,467,926	9,011,795	327,818,525
Segment results	3,477,323	472,843	1,704,270	207,170	5,861,606
Unallocated income					1,962,243
Unallocated costs					(8,979,180)
Finance costs					(1,127,636)
Share of results of associated companies					78,758
Loss before taxation					(2,204,209)
Income tax credit					35,493
Net loss for the year					(2,168,716)
Assets and liabilities					
Unallocated assets					103,222,239
Investments in associated companies					588,492
Total assets					103,810,731
Unallocated liabilities					45,426,777
Total liabilities					45,426,777
Other segment information					
Capital expenditure					10,363,829
Depreciation					493,192
Non-cash items other than depreciation					173,175

32. Segment information (Continued)

Year ended 30 April 2011	Raw materials US$	Semi-finished products US$	Finished products US$	Others US$	Total US$
Revenue	377,411,969	30,656,365	89,383,289	4,153,934	501,605,557
Segment results	11,262,257	(451,937)	3,134,590	161,197	14,106,107
Unallocated income					2,620,816
Unallocated costs					(10,987,845)
Finance costs					(1,034,542)
Share of results of associated companies					46,012
Profit before taxation					4,750,548
Income tax expenses					(297,829)
Net profit for the year					4,452,719
Assets and liabilities					
Unallocated assets					100,604,584
Investments in associated companies					509,734
Total assets					101,114,318
Unallocated liabilities					38,809,414
Total liabilities					38,809,414
Other segment information					
Capital expenditure					2,412,104
Depreciation					298,990
Non-cash items other than depreciation					132,779

32. Segment information (Continued)

The Group has four reportable segments as follows:

Raw materials

– Distribution and sales of materials such as iron ores and coal.

Semi-finished products

– Distribution and sales of steel products such as billets and slabs used for producing deformed steel bars, wire rods, hot rolled plates and hot rolled coils.

Finished products

– Distribution and sales of long products such as deformed bars, wire rods, tube, section, angle and channels as well as flat products such as hot rolled plates and coils, cold rolled coil and sheet.

Others

– Distribution and sales of special and coated products such as galvanised steel coils and tinplate.

There is no reasonable basis to allocate other income and administrative, certain distribution and selling expenses to the different segments, and accordingly these items have been disclosed as unallocated income and unallocated costs respectively.

The Group's assets and liabilities cannot be directly attributable to individual segments as it is impracticable to allocate them to the segments.

Assets of the Group are utilised interchangeably between the different segments and there is no reasonable basis to allocate liabilities of the Group between the different segments. Accordingly, it is not meaningful to disclose capital expenditure, assets and liabilities of the Groups by operating segments.

32. Segment information (Continued)

Others (Continued)

Geographical information

The Group's operations are located in four main geographical areas. The turnover by geographical segments are based on the location of customers regardless of where the goods are produced. The following table provides an analysis of the Group's revenue and non-current assets by geographical markets, irrespective of the origin of the goods and services.

	Sales to external customers		Non-current assets	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
North Asia	**252,521,360**	436,229,265	**19,765,183**	9,803,087
South East Asia	**66,678,126**	57,907,350	**10,492**	12,479
India and Middle East	**–**	3,383,500	**1,866**	2,731
Others	**8,619,039**	4,085,442	**–**	–
	327,818,525	501,605,557	**19,777,541**	9,818,297
Investments in associated companies			**588,492**	509,734
			20,366,033	10,328,031

Note:

(i) 77% (2011: 85%) of the Group's revenue came from the PRC. North Asia also includes Taiwan and Korea.

(ii) South East Asia includes Philippines, Singapore, Thailand, Indonesia and Vietnam.

(iii) India and Middle East includes the Republic of India.

(iv) Others include Costa Rica, Belgium, Germany and Italy.

Information about major customer

Revenue of approximately US$43,493,000 (2011: US$90,383,000) are derived from a single external customer and are attributable to the raw materials segment (2011: raw materials segments).

33. Reconciliation between FRSs and International Financial Reporting Standards ("IFRSs")

For the years ended 30 April 2012 and 2011, there were no material differences between the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity of the Group prepared under FRSs and IFRSs.

34. Events after the reporting period

In February 2012, the Group entered into a legally binding agreement to acquire 51% equity interest of 廣東永朋進出口貿易有限公司(Guang Dong Yong Peng Import and Export Trading Co., LTD.*) ("**Guang Dong Yong Peng**"). Transfer of shares has taken place accordingly on 15 May 2012 where Guang Dong Yong Peng becomes a Sino-Foreign Entity Joint Venture. The said acquisition is expected to complete by the end of July 2012.

On 4 July 2012, the Group acquired 60% equity capital of 興化市大垛污水處理有限公司 (Xing Hua City Daduo Sewage Treatment Co., Ltd.*) ("**Sewage Treatment Company**") at an aggregate consideration of RMB4,200,000 and the Sewage Treatment Company is primarily engaging in domestic sewage treatment.

On 16 July 2012, the Group entered into an agreement ("**Agreement**") with 天津億達投資有限公司 (Tianjin Yida Investment Co., LTD) ("**Tianjin Yida**") for the purposes of disposing 50% of the equity interest of 新源鋼鐵發展（天津）有限公司 (Novo Development (Tianjin) Limited) ("**NDTJ**") to Tianjin Yida for a consideration of RMB25 million. NDTJ is expected to focus on tinplate, tin free steel and other flat rolled coils for cutting, slitting, printing, coating for tin can making before distribution in the PRC. The Agreement is conditional upon the Company obtaining the relevant PRC governmental authorities' approval.

On 16 July 2012, the Group further entered into a joint venture agreement ("**JV Agreement**") with Tianjin Yida for the purposes of establishing a joint venture company ("**JV Company**") in the PRC with a registered capital of RMB20 million. The Group will hold 50% equity interest in the JV Company and the JV Company is expected to engaged in packing, canning and distribution of high quality canned food and beverage products in the PRC. The JV Agreement is conditional upon the Company obtaining the relevant PRC governmental authorities' approval.

35. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

36. 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 year ended 30 April 2012 were authorised for issue in accordance with a resolution of the directors dated 18 July 2012.

A summary of the results, 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 below.

Results

	2008 US$'000	2009 US$'000	2010 US$'000	2011 US$'000	**2012** **US$'000**
Revenue	479,970	523,692	403,023	501,606	**327,819**
Profit/(loss) attributable to owners of the Company	11,610	1,587	11,775	4,521	**(1,876)**
Earnings/(loss) per share (US cents) (restated)	9.96	1.00	7.61	2.65	**(1.10)**

Assets and Liabilities

	2008 US$'000	2009 US$'000	2010 US$'000	2011 US$'000	**2012** **US$'000**
Non-current assets	2,127	1,526	8,088	10,328	**20,366**
Current assets	78,332	58,471	83,220	90,786	**83,445**
Total assets	80,459	59,997	91,308	101,114	**103,811**
Total liabilities	(40,244)	(19,622)	(30,033)	(38,809)	**(45,427)**
Non-controlling interests	(18)	(580)	(1,098)	(1,151)	**(1,465)**
Equity attributable to owners of the Company	40,197	39,795	60,177	61,154	**56,919**

Statistics of Shareholding

Shareholding Statistics as at 29 June 2012

Issued and fully paid	:	S$154,908,683
Number of shares with voting rights	:	170,804,269
Number of treasury shares held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 29 June 2012, 25.1% of the issued ordinary shares ("**Shares**") of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were complied with.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,838	58.89	112,745	0.06
1,000 – 10,000	754	24.16	3,821,590	2.24
10,001 – 1,000,000	522	16.73	24,267,434	14.21
1,000,001 AND ABOVE	7	0.22	142,602,500	83.49
TOTAL:	3,121	100.00	170,804,269	100.00

Twenty Largest Shareholders as at 29 June 2012

No.	Name	No. of Shares	%
1.	NEW PAGE INVESTMENTS LIMITED	78,156,250	45.76
2.	HKSCC NOMINEES LIMITED	51,368,000	30.07
3.	YU WING KEUNG DICKY	5,759,031	3.37
4.	CHOW KIN WA	2,468,156	1.45
5.	LIU LU OR ZHU ZHENGHONG	1,753,000	1.03
6.	UOB KAY HIAN PTE LTD	1,614,592	0.95
7.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,483,471	0.87
8.	OCBC SECURITIES PRIVATE LTD	942,305	0.55
9.	DBS VICKERS SECURITIES (S) PTE LTD	770,377	0.45
10.	LAM YEE PAN	691,500	0.40
11.	ZHU ZHENGHONG OR LIU SHOU ZHENG	517,000	0.30
12.	HG METAL INVESTMENTS PTE. LTD.	500,000	0.29
13.	SURINDER VIR SINGH	417,000	0.24
14.	RAFFLES NOMINEES (PTE) LTD	398,511	0.23
15.	SIM SUAY HWA	375,000	0.22
16.	MAYBANK KIM ENG SECURITIES PTE LTD	360,742	0.21
17.	CHAN SIEW HONG	350,000	0.20
18.	WONG POON THYE	345,000	0.20
19.	NEOCORP INNOVATIONS PTE. LTD. (IN CREDITORS' VOLUNTARY LIQUIDATION)	313,870	0.18
20.	DBS NOMINEES PTE LTD	300,664	0.18
	TOTAL:	148,884,469	87.15

Substantial Shareholders

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Yu Wing Keung, Dicky (1)	5,759,031	3.37	119,656,250	70.05
Chow Kin Wa (2)	2,468,156	1.45	117,143,750	68.58
New Page Investments Limited (3)	78,156,250	45.76	38,987,500	22.82

Notes:

(1) Yu Wing Keung, Dicky is deemed to be interested in 117,143,750 Shares held by New Page Investments Limited as he holds a 70% shareholding interest in New Page Investments Limited and 2,512,500 Shares registered in the name of HKSCC Nominees Limited.

(2) Chow Kin Wa is deemed to be interested in 117,143,750 Shares held by New Page Investments Limited as he holds a 30% shareholding interest in New Page Investments Limited.

(3) 38,987,500 Shares are registered in the name of HKSCC Nominees Limited, where New Page Investments Limited has beneficial interest.

Corporate Information

Board of Directors

Executive Directors:
Yu Wing Keung, Dicky *(Executive Chairman)*
Chow Kin Wa *(Chief Executive Officer)*
Chow Kin San

Independent non-executive Directors:
Tang Chi Loong
Foo Teck Leong
Tse To Chung, Lawrence

Audit Committee

Foo Teck Leong *(Chairman)*
Tang Chi Loong
Tse To Chung, Lawrence

Nominating Committee

Tang Chi Loong *(Chairman)*
Foo Teck Leong
Tse To Chung, Lawrence

Remuneration Committee

Tang Chi Loong *(Chairman)*
Foo Teck Leong
Tse To Chung, Lawrence

Company Secretaries

Wee Woon Hong
Lee Hock Heng
Chong Wai Man
Lau Jeanie

Authorised Representatives

Yu Wing Keung, Dicky
Chow Kin San

Compliance Advisor

CIMB Securities (HK) Limited
Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West Kowloon
Hong Kong

Registered Office

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Singapore 117612
Tel: (65) 6323 2213
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Headquarter and Principal Place of Business in Hong Kong

Rooms 1109-1111, 11th Floor
China Merchants Tower, Shun Tak Centre
168 Connaught Road Central
Hong Kong
Tel: (852) 2517 7989
Fax: (852) 2915 5122

Principal Share Registrar and Transfer Office in Singapore

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

Branch Share Registrar and Transfer Office in Hong Kong

Boardroom Share Registrars (HK) Limited
12th Floor, The Lee Gardens, 33 Hysan Avenue
Causeway Bay, Hong Kong

Independent Auditors

Baker Tilly TFW LLP
15 Beach Road #03-10 Beach Centre
Singapore 189677
Partner-in-Charge: Tiang Yii
(Appointed since the year ended 30 April 2009)

Principal Bankers

ABN AMRO Bank N.V., Singapore Branch
BNP Paribas, Hong Kong Branch
CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited,
Hong Kong Branch
Oversea-Chinese Banking Corporation Limited,
Singapore Head Office
Rabobank International, Hong Kong Branch
Shanghai Commercial Bank Limited
Societe Generale, Singapore Branch

Stock Codes

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

www.novogroupltd.com