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 2013



Contents

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.

Milestones

2005
Novo Group Founded

2008
Listed in Stock Exchange of Singapore (Singapore Stock Code: MR8)

2009
Awarded ISO9001:2008 Certificates

- Quality Management of Import and Export Trading of Scrap Steel
- Stockholding and Supply of Reinforcement Steel Bars

2010
- Invested in Tianjin Tinplate Processing Project
- Listed in Stock Exchange of Hong Kong (Hong Kong Stock Code: 1048)

2011
Invested in Jiangsu Tinplate Manufacturing Project

2012
- Commenced Operation of Tinplate Manufacturing Project
- Signed Letter of Interest for Phase 2 Tinplate Manufacturing Project
- Signed Joint Venture Agreement for Tianjin Tinplate Processing Project
- Awarded “Singapore International Top 100” Ranking

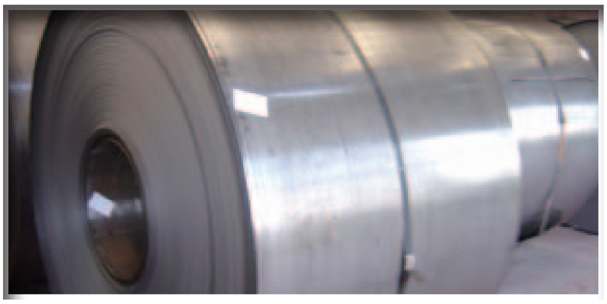
2013
- Invested in Laminated Metal Project
- Commenced Operation of Tianjin Tinplate Processing Plant

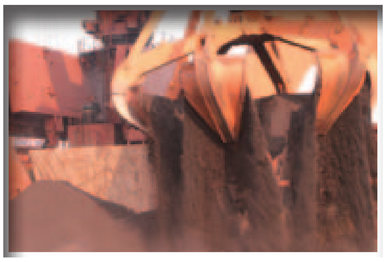
Corporate Profile

Founded in 2005 and headquartered in Hong Kong, Novo Group Ltd. (SEHK: 1048; SGX: MR8) (or together with its subsidiaries, "**Novo**" or the "**Group**") is a leading corporation which focusing on bulk commodities trading (iron ore, coal and steel products), tinplate manufacturing and downstream operations of metal packaging industry.

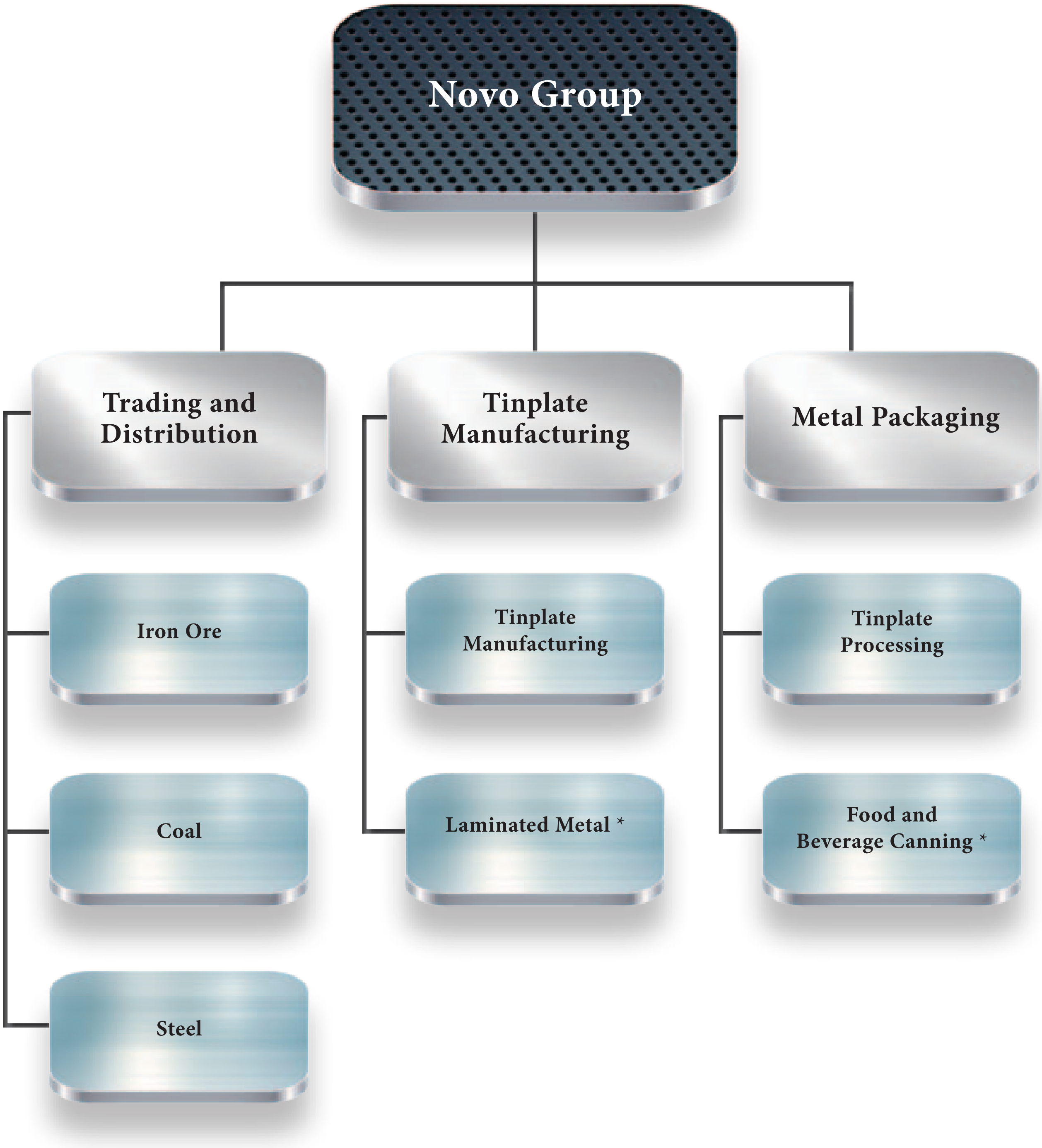
Led by an experienced senior management team with proven track record in the steel and coal industries, Novo has not only expanded its capabilities horizontally in the steel industry value chain but has also grown its market presence to more than 30 countries globally since the establishment. We are distinguished from our competitors by our powerful blend of deep industry knowledge, modernised management and marketing capabilities, we maintain the flexibility to adapt to changes in market conditions while take pride in serving our customers with unparalleled services and quality products.

There are three business divisions under the Group, namely:
(a) Trading and distribution;
(b) Tinplate manufacturing; and
(c) Metal packaging.





Business Segments



* Plan to commence construction in FY2014

Extensive Geographic Coverage

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

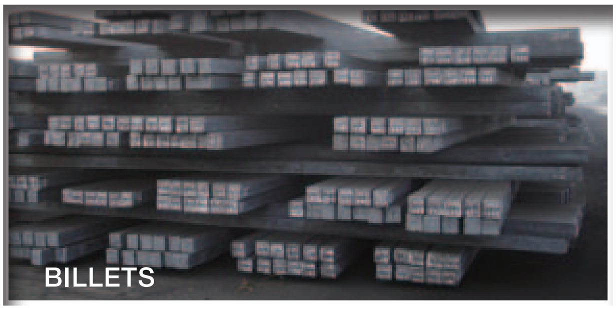
11. Argentina
12. Australia
13. Bangladesh
14. Brazil
15. Canada
16. Chile
17. Commonwealth of Independent States
18. Germany
19. Indonesia
20. Italy
21. Japan
22. Mexico
23. New Zealand
24. Philippines
25. China
26. South Korea
27. Spain
28. Sri Lanka
29. Switzerland
30. Taiwan
31. Thailand
32. Turkey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

Trading and Distribution

IRON ORE

COAL

STEEL SCRAP



BILLETS

COLD ROLLED COILS

WIRE RODS

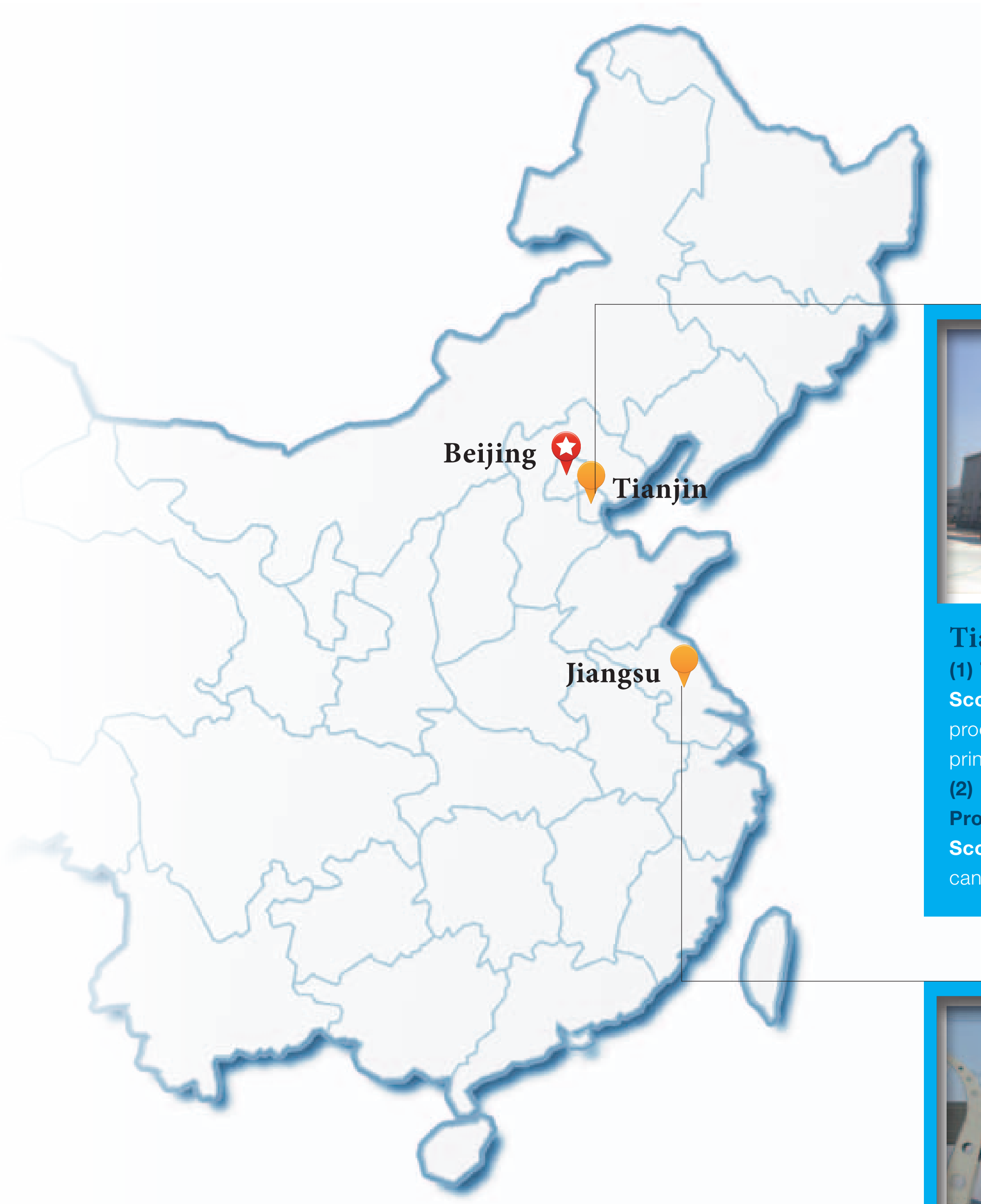
HOT ROLLED COILS

SLABS

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

TINPLATE

Business in China



Production Facilities in China

Tianjin

(1) Tinplate Processing Project

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

(2) Food and Beverage Canning Project*

Scope: Food and beverage packing, canning and distribution

Jiangsu

(1) Tinplate Manufacturing Project

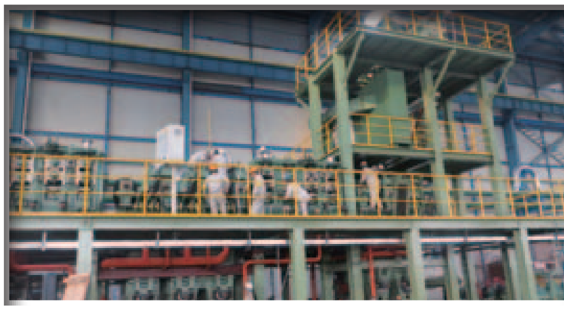
Scope: Tinplate manufacturing

(2) Laminated Metal Project*

Scope: Laminated tinplate and aluminum manufacturing

* Plan to commence construction in FY2014

Business in China

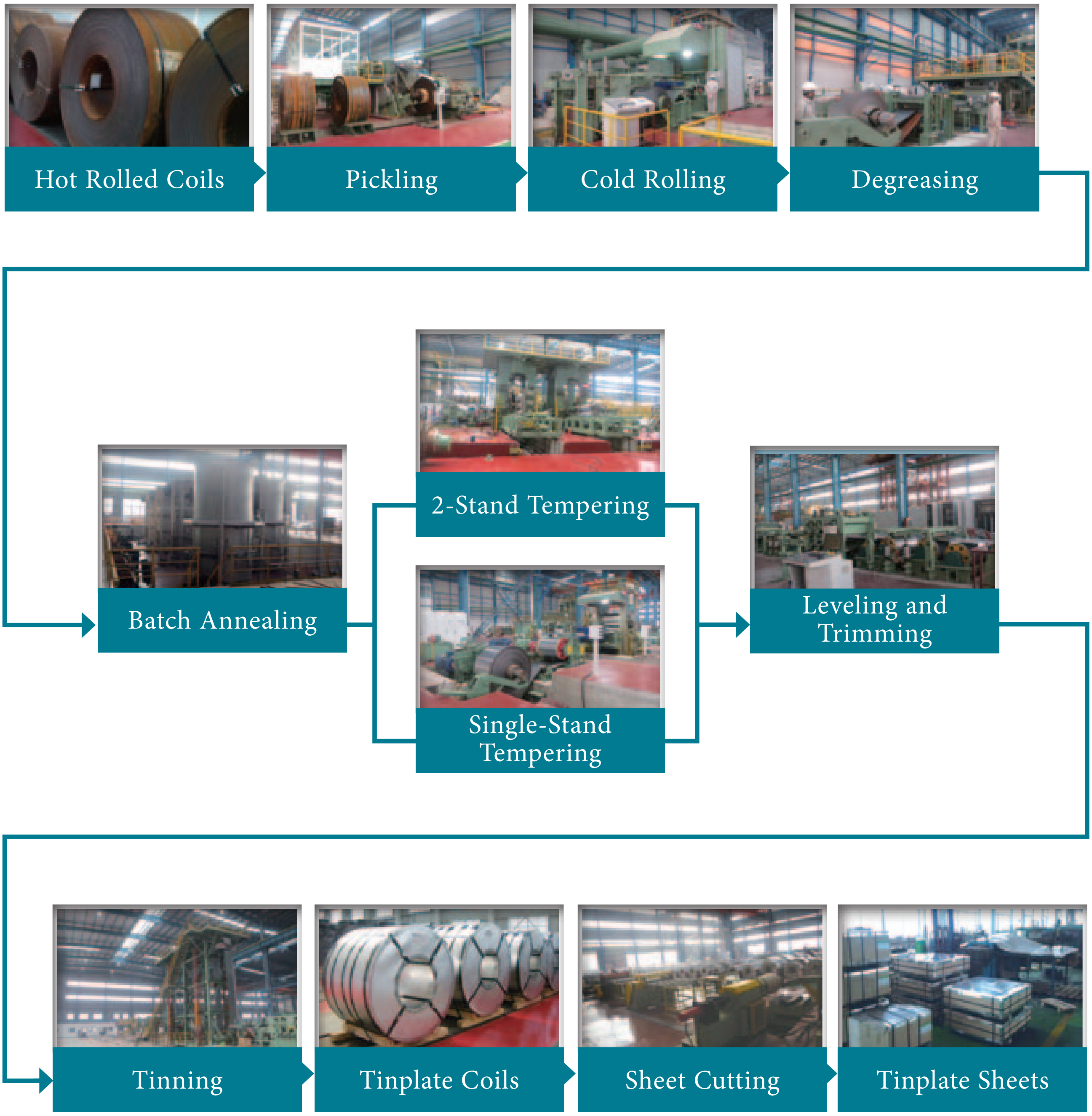


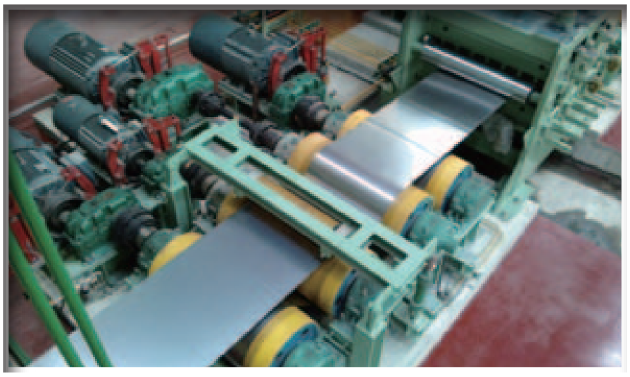
Tinplate Manufacturing

The tinplate manufacturing is a new segment of the Group's business since 2012. Located in Jiangsu, the tinplate manufacturing operation is principally engaged in manufacturing, sales and distribution of tinplate products which is generally used in the food and beverage metal containers. This tinplate business is backed by a team of technical experts who bring a wealth of industry experience in the areas of research and development and production of tinplate. With strong technological and manufacturing capabilities, we are uniquely positioned to take advantage of the growth potential in China's booming food and beverage metal packaging sector.

Business in China

Manufacturing Process





Laminated Metal

The laminated metal project is a 90.1 : 9.9 Joint Venture between the Group and a well-established Japanese laminated corporation. The goal of the Joint Venture was to develop a market leading laminates metal business in China. The initial scope of the joint venture will cover the manufacturing, selling and distributing of laminated tinplate and aluminum sheets for food and beverage metal packaging in China.

Tinplate Processing

Located in Tianjin, China, the tinplate processing plant is a downstream succession of the Jiangsu tinplate manufacturing plant. The tinplate processing plant will procure tinplate as feedstock from its affiliate company and other qualified tinplate manufacturing mills. It will principally engage in slitting, cutting, printing per customer orders as well as sales and distribution in China.

Food and Beverage Canning

This Joint Venture project will focus on the food and beverage packaging industry and engage in packing, canning and distribution of high quality canned food and beverage products in China. Our Joint Venture partner is a well-established metal packaging corporation in China, which allow us to capture the enormous long term synergy benefits resulting from the downstream expansion.

The prime objective behind establishing these two Tianjin projects is to support the Group's objective to add value to its Jiangsu tinplate manufacturing by extending to downstream operations into rapid-growing metal packaging industry.

Human Capital

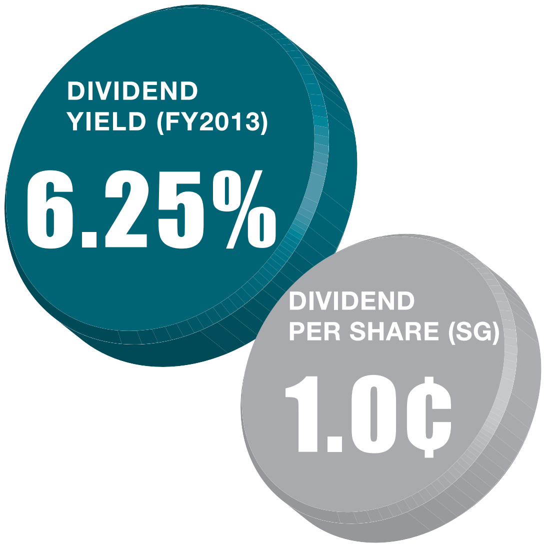
Novo recognises human resource as the Group's greatest assets and sees employee development as the cornerstone of the enterprise. Good talented staff naturally want to advance, and in return sound employee development programs increase both loyalty and productivity. In past years, Novo has implemented various training programs and spent unaccountable resources to enhance employees' capabilities and fill in the need of its employees. To promote greater rapport and team spirit among colleagues, various social and recreation activities were undertaken. To foster quality family life and recognise the important role that both parents play when there is a new birth in the family, we introduced paid paternity leave for male employees in FY2013.

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

Chairman's Statement

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 present to you the annual report of the Group for the year ended 30 April 2013 ("**FY2013**").



The pace of global economic recovery was still slow in the reporting period. The worldwide slump in steel demand coupled with the price volatility in raw materials has buffeted our trading business and made FY2013 a challenging year for the Group. The Group recorded revenue of approximately US$284.2 million in FY2013, representing a year-on-year decrease of 13.3% as compared to approximately US$327.8 million for the year ended 30 April 2012 ("**FY2012**"). Gross profit decreased by 28.8% to approximately US$13.5 million as compared with the corresponding period in FY2012. The Board wishes to thank all shareholders for their continuous support throughout the years. In appreciation, the Board has resolved to propose to declare a final dividend of 1.0 Singapore cent per share, representing a dividend yield 6.25% for FY2013.

Under the turbulent market conditions and the challenging industry environment, the financial results of the Group were below our expectation. We are confident that these results were only a temporary setback which impacted by a variety of external factors that beyond our sphere of influence. Our determination in pursuit of sustainable corporate development has not fundamentally changed. We took a number of measures to tackle the challenges that threatening our business. During the reported period, with a stringent cost control management as a key objective, we have divested some associated companies to further streamlined the Group's operating structure and groomed Novo into a much more efficient and structurally health corporation; we have also pursued an active management approach in the trading sector by scaling back on iron ore segment to avoid high level of price volatility in commodities; we are also pushing ahead in the coal trading segment in China, which we believe it is an area with tremendous growth potential and relatively lower risk. In addition, we've also accelerated our investments in the fast-growing metal packaging industry. One of the year's highlights was the commencement of the tinplate manufacturing plant in Jiangsu in December 2012. The plant was built to supply high-quality tinplate to satisfy the growing demand on tin cans for processed food and beverage in China. At the same time, we have further complemented our existing operations by establishing a tinplate processing plant in Tianjin as a succession operation to the Jiangsu plant. The Jiangsu plant will supply feedstock for the Tianjin plant's to further process and distribute processed tinplate in China. The tinplate processing plant has officially received business license in May 2013 and the operation has begun at the time of this report writing. We anticipate this new segment will contribute to an increase in revenue very soon.

Poised to capture the business opportunities brought forth by the Chinese government's promotion of urbanisation, the higher disposable income of citizens and their incremental spending in gearing toward fast moving consumer goods, the Group has partnered with a well-established Japanese laminating company with strong technical competence and know-how in the laminated steel industry in May this year. The partnership will create an impetus to forge ahead into the flourishing metal packaging market. Conventionally, the lamination food packaging technology has been adopted by Japanese manufacturers and through the newly established joint venture company,

Chairman's Statement

our joint venture partner is transferring its core laminating technologies to Novo. We envisioned that the joint venture will greatly increase China's laminating manufacturing capabilities, which align with the objective of the Chinese government strong promotion on food safety and green manufacturing, as well as enhance Novo's technological competence, open up a new frontier for Novo and further help us differentiate from our competitors.

Future Growth Strategies

Global growth remained subdued in FY2013 despite improved financial conditions and reduced short-term risks. For the past years, Novo took multiple opportunities and made big strides towards strengthening our competitiveness and significantly expanded our business profile. The next chapter of Novo will be marked by a relentless effort on capitalising high reward opportunities ahead and flawlessly executing corporate strategies. Below are the four key strategic objectives for the year ending 30 April 2014 ("**FY2014**"):

- ### Expanding Business Portfolio

  Novo pursues active portfolio management. We believe a well-balanced business portfolio will be beneficial to long-term development. In FY2014, the Group will continue to strive for progress in a pioneering spirit and boost the development of pipelined projects with utmost effort. We will expedite the progress of the planned projects, while managing the risk exposure to ensure risks and returns are in a favorable balance. In addition, we will continue to optimise our expansion through partnerships to join hands with advanced technology and well experienced companies in the metal packaging sectors, and to extend our market reach into downstream segments. By extending our business vertically, the Group expects to generate significant synergies and create a more coordinated development among businesses by leveraging a more enriched business portfolio. Nevertheless, Novo's traditional trading segment will continue to be a significant part of the Group, we will continue to stick to our principal business while identifying promising opportunities to move along the downstream business segment of metal packaging value chain.

- ### Growing and Strengthening Customer Relationships

  A solid customer base is the cornerstone for any enterprises. In FY2013, the Group has been proactively identifying and contacting major customers with a high growth potential in both tinplate and coal sectors. We have made good progress in FY2013 by establishing new relationships with renowned industry players in power generation, cement (key users of coal) and metal packaging (key users of tinplate) sectors. In order to fully unravel the potential of our strong customer base in Asia, solidify customer loyalty and enhance our market share, we will intensify our regional business development efforts by capitalising our marketing capability and providing quality products and services. We will strategically expand in provincial and major cities by both stationing increased quantity of local staffs and enhancing the quality of employees through perfecting our sales incentive mechanism.

- ### Emphasising on Research and Development and Strengthening Technical Know-how

  The Group believes that technical strength drives sustainable corporate development and is vital to the Group's overall competitiveness. We intend to strengthen our product development capabilities in order to develop new products and further improve the quality of our products. In FY2014, our emphasis of Research and Development ("**R&D**") will be focusing on upgrading tinplate qualities for various can-making

Chairman's Statement

applications. In addition, we intend to increase headcounts and invest addition resources in the R&D centre. We foresee there will be significant improvement over our expertise and technical know-how in relation to the product quality, processing techniques and enhance production efficiency. The Group also believes that investments in R&D will yield returns in many folds in coming years.

- **Fostering Employee Development Through Maintaining Harmonic Working Conditions and Providing Professional Training**

Our development is tightly bundled with our people and our success greatly depends on our people too. The Group has always been offering favorable employee packages which enable us to recruit and retain high caliber talents. We offer market competitive packages, healthy work-life balance and flexible working environment to both new and experienced staff. Riding the success on the implementation of our Management Trainee Program in the past two years, we will continue to recruit and nurture young professional talents into the next generation of aspiring leaders. We support all of our employees in achieving their potential by providing development programs and opportunities. The Group will also continue to promote life-long learning among our people by providing leadership development, technical education, business trainings, personal development as well as clear and diversified career development plans. As a responsible employer, Novo will continue to strive to unleash the entrepreneurial spirits and also focus strongly on improving occupational health and safety.

Chairman's Statement

Future Prospects

Looking forward, amidst the mixed and volatile global economic situation, it is expected that the slow-growth global pattern will continue. Nevertheless, the Chinese economy has been regaining stability on the back of firm domestic demand, active promotion of urbanisation and rapid modernisation. With the economy of China steadily regaining momentum, we are positive on the long-term economic prospects of the region. The Group fully anticipates and is well prepared to capitalise the enormous growth in the future. With a strong pipeline of new projects (including tinplate manufacturing, laminated metal project and tinplate processing project) on the way, leading professional management, technological capabilities and marketing experience, we are well poised to build strong businesses and carve a firm foothold in the growing demand for fast moving consumers goods and high potential metal packaging industry.

In respect of the overall business strategy, we strive to enhance the Group's competitiveness and step up efforts to develop downstream operations. In FY2014, the tinplate manufacturing and the coal trading operation will continue to be the Group's core focus. Underpinned by the considerable progress of tinplate manufacturing plant and surging demand for imported low rank coal by power generation operators and high energy consumption enterprises in China, we anticipate that these two operations will broaden our income sources and contribute significantly to the Group's revenue and profit in coming years.

We will continue to push forward the progress of all on-going projects and identify lucrative opportunities to further strengthen the Group's direction of downstream extension of industrial value chain in a prudent yet proactive manner so to create optimal value to our shareholders.

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 staffs for their hard work and contribution in the past year.

Yu Wing Keung, Dicky
Executive Chairman

CEO's Review of Operations

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 present to you the annual report of the Group for the year ended 30 April 2013 ("**FY2013**").

Review of Performance

Revenue

With the unpredictable economic situation, volatile steel prices and diminishing of trade volume in the global steel industry, this year was very challenging. Facing such complex and volatile market environment, the Group has adopted cautious but prudent business direction during FY2013 and kept a slim margin to retain quality buyers and explored new markets and revenue drivers.

The Group's revenue was approximately US$284.2 million in FY2013, representing a decrease of approximately 13.3% as compared with approximately US$327.8 million for the year ended 30 April 2012 ("**FY2012**").

Revenue from international trade business, major business segment, accounted for approximately 71.9% and 69.6% of the Group's total revenue in FY2013 and FY2012, respectively. Coal segment contributed approximately 18.6% and 17.7% of the Group's total revenue in FY2013 and FY2012, respectively. Domestic trade business contributed approximately 9.5% and 12.7% in FY2013 and FY2012, respectively, among the domestic trade business, revenue from tinplate manufacturing contributed approximately US$4.9 million revenue to the Group in FY2013, which was accounted for approximately 1.7% of the Group's total revenue.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US$180.5 million of total revenue in FY2013, compared to approximately US$252.5 million in FY2012. North Asia market contributed approximately 63.5% and 77.1% of total revenue in FY2013 and FY2012, respectively.

Revenue derived from South East Asia market recorded an increase of approximately 55.3% from approximately US$66.7 million in FY2012 to approximately US$103.6 million in FY2013, while it contributed approximately 36.4% and 20.3% of the Group's total revenue in FY2013 and FY2012, respectively. This is mainly attributed from new customers base was widened in Indonesia and Thailand.

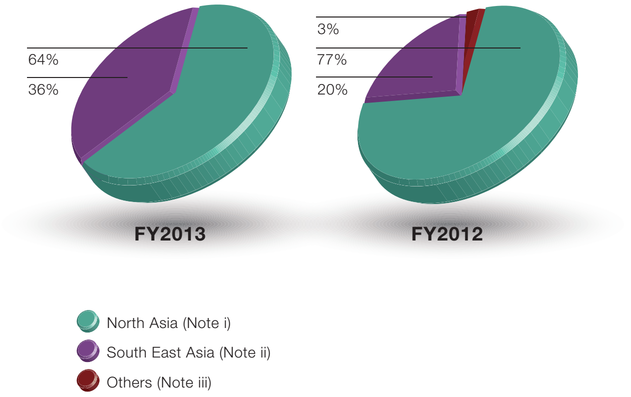
Due to the economic recession in Europe, revenue derived from other regions decrease significantly from approximately US$8.6 million in FY2012 to approximately US$88,000 in FY2013, while it accounted for approximately 0.1% and 2.6% of the Group's total revenue in FY2013 and FY2012, respectively.

Gross Profit

The Group's gross profit was approximately US$13.5 million in FY2013, representing a decrease of approximately 28.8% as compared with approximately US$18.9 million in FY2012. The Group's gross profit margin decreased from approximately 5.8% in FY2012 to approximately 4.7% in FY2013. Such decrease was mainly attributable to the weak steel demand and the fluctuation of raw materials costs, and pilot production costs incurred by the new Jiangsu tinplate manufacturing plant were recognised in the current reported period.

CEO's Review of Operations

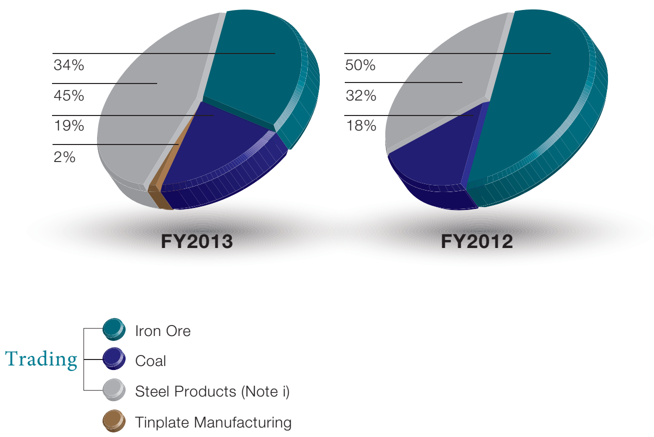
Sales Revenue by Geographical Locations (%)



Notes:

(i) Included China, Hong Kong and Macau.
(ii) Included Indonesia, Thailand, Vietnam, Malaysia, Philippines and Singapore.
(iii) Included Costa Rica, Belgium, Germany and Italy, etc.

Revenue by Products (%)



Note (Trading):

(i) steel products, included semi-finished steel products (billets and slabs used for producing deformed steel bars), finished steel products (long products: deformed bars, wire rods, tube, section, angle channels; flat products: hot rolled coils and cold rolled coils) and others (galvanised steel coils). and pre-painted galvanised steel coils).

Other income

Other income increased from approximately US$1.7 million in FY2012 to approximately US$2.5 million in FY2013, such increase was mainly due to compensation income from customers and demurrage fees, amounted to approximately US$1.1 million were recorded in FY2013.

Distribution and selling expenses

Coupled with the changes of trading terms, which was the reciprocal of the change in gross profit, in the international trading business and decreased in revenue, the Group's distribution and selling expenses decreased by approximately 22.2% from approximately US$14.6 million in FY2012 to approximately US$11.3 million in FY2013. Freight charge was decreased by approximately 37.9% from approximately US$11.6 million in FY2012 to approximately US$7.2 million in FY2013.

Administrative expenses

Administrative expenses increased slightly from approximately US$7.3 million in FY2012 to approximately US$7.5 million in FY2013, such increase was primarily due to new projects underway, expansion of management and recruitment of staff, whereas staff costs related to construction of manufacturing plant in Jiangsu had been capitalised as construction costs in FY2013.

Finance costs

Finance costs decreased by approximately US$204,000 from approximately US$1.1 million in FY2012 to approximately US$923,000 in FY2013. The decrease was mainly due to the decrease in revenue, whereas the interest expenses incurred from the borrowings for the Jiangsu manufacturing plant had been capitalised as construction costs in FY2013.

Other operating expenses/(income)

Other operating expenses accounted for approximately US$2.6 million in FY2013 while a net income of approximately US$68,000 was recorded in FY2012. In FY2013, exchange gains of approximately US$472,000 was offset by the following one off expenses recorded during the current reported period.

CEO's Review of Operations

1) Written off of amounts due from associated companies amounted to approximately US$1,759,000 due to dissolution of these companies recorded in the fourth quarter of FY2013.

2) An impairment loss of a receivable in a full amount of approximately US$835,000 in relation to net amount due from the chartering agent recorded in the second and third quarter of FY2013.

3) A loss on disposal of an associated company of approximately US$98,000 recorded in the second quarter of FY2013.

4) Net realised losses from iron ore swap contracts for managing price fluctuation risk of international trade amounted to approximately US$172,000 and fair value losses on non-derivable forward contracts for managing currency risk of approximately US$7,000 were recorded in FY2013.

5) Loss on disposal of equipment amounted to approximately US$214,000.

Income tax

Income tax expenses amounted to approximately US$21,000 was recorded in FY2013 which was due to provision of profits tax was made for profitable companies recorded during the current reported period.

Review of Financial Position and Cash Flow

Property, plant and equipment

Property, plant and equipment increased by approximately US$29.9 million from approximately US$19.8 million as at 30 April 2012 to approximately US$49.6 million as at 30 April 2013. The increase was mainly due to property, plant and equipment and construction in progress related to the Group's tinplate manufacturing plant in Jiangsu, China increased by approximately US$30.6 million in the current reporting period.

Inventories

Group's inventories increased from approximately US$13.7 million as at 30 April 2012 to approximately US$24.8 million as at 30 April 2013. Approximately 48.0% and 52.0% of inventories as at 30 April 2013 were held for tinplate manufacturing operation and trading business respectively, where all inventories as at 30 April 2012 were held for trading business.

Trade and other receivables

Trade and other receivables increased from approximately US$41.9 million as at 30 April 2012 to approximately US$55.0 million as at 30 April 2013. Distribution of trade and bills receivables and other receivables were approximately 16.6% (approximately US$9.1 million) and 83.4% (approximately US$45.9 million) of total receivables as at 30 April 2013, compared to approximately 40.6% (approximately US$17.0 million) and 59.4% (approximately US$24.9 million) of total receivables as at 30 April 2012. The decrease of trade and bills receivables during the reported period was mainly due to drop in revenue recorded near to the end of the reporting date. Meanwhile, prepaid progress payment and purchase deposits related to Jiangsu tinplate manufacturing plant increased by approximately US$15.5 million as compared to 30 April 2012 increased the other receivables, such increase was contra with the amount due from associated companies and related company written off in the current reported period.

CEO's Review of Operations

Trade and other payables

Trade and other payables increased from approximately US$28.4 million as at 30 April 2012 to approximately US$32.6 million as at 30 April 2013. Distribution of trade payables and other payables were approximately 44.8% (approximately US$14.6 million) and 55.2% (approximately US$18.0 million) of total payables as at 30 April 2013, compared to approximately 46.8% (approximately US$13.3 million) and 53.2% (approximately US$15.1 million) of total payables as at 30 April 2012. The increase of trade and other payables was mainly due to the increase of other payables and accrued progress payment of the Jiangsu manufacturing plant. The accrued progress payment related to construction and production equipment of the Jiangsu manufacturing plant, which recorded an increase of approximately US$3.1 million from approximately US$7.7 million as at 30 April 2012 to approximately US$10.8 million as at 30 April 2013.

Business Update

Iron Ore and Steel Products Trading Business

The depressing macro economic factors continued to mire the Group's trading activities in a glum during FY2013. We have taken the bitter pill of slowing down in such times of high risk due to price volatilities and market uncertainties.

Held as a glimpse of light is China's urbanisation drive earmarked by the new leaders as a key policy goal, which will be a steady force that counters weak global economy and keeps up domestic consumptions. The market is anticipating a boost in demand for iron and steel upon the release of details of new urbanisation plans: infrastructure investments like rail lines, national expressways, port investments, airports, intermodal hubs and various construction projects. A moderate growth if not a sharp spurt should follow. The Group is staying close to the market on such changes and will move quickly to capture any lead advantage opportunities with prudence.

Coal Trading Business

Coal remains and will continue for a long time as the top fuel for China who relies heavily on imported coal for better quality in terms of low sulfur content especially. China imported 289 million tonnes of coal in 2012, a 29.8% rise year-on-year, ranking as the world's biggest coal importer according to China's National Bureau of Statistics. In the first quarter of 2013, China imported 80 million tonnes, up 30.1% compared with the same period last year.

During FY2013, we have strengthened our coal sourcing ability in Indonesia on one hand and have entered into collaborations with local mainland Chinese partners expanding our customer base in China on the other. The Group will continue to make good use of the opportunities in the coal sector and will strive to advance coal trading into a key growth area for the Group.

CEO's Review of Operations

New Revenue Drivers

Tinplate Manufacturing Project in Jiangsu, China

The Group's vision is to be the top manufacturing provider in the metal packaging sector in China. The key milestone and major focus in FY2013 is the completion of the tinplate manufacturing plant in Jiangsu, China. The plant has officially commenced production in December 2012. Since then all testing and ramp-up to commercial production to reach our designed quality and quantity have progressed well according to plan. As at 30 April 2013, the plant has achieved total production of more than 15,000 tonnes of tinplate, in which approximately 12,000 tonnes was sold.

The plant will continue to raise its production and sales performance: continual advancement in quality and output rate, diversifying customer base both domestically within China and overseas stretching our geographical coverage. The Group has high hopes for this plant to become a cornerstone asset with significant contributions.

Laminated Metal Project in Jiangsu, China

In May 2013, the Group has strengthened its competitive position in the food and beverage metal packaging industry through establishing a joint venture between our wholly owned subsidiary "Novo Lamination Limited" and a Japanese lamination corporation "Laminate Industry Co., Ltd." with an equity split of 90.1% : 9.9%. This joint venture is a natural fit and as it works as downstream extension to our tinplate plant. It will be engaged in the manufacturing, sales and distribution of laminated tinplate and aluminum sheets. The initial plan is to start the construction of the plant in first half of the year ending 30 April 2014 ("**FY2014**").

CEO's Review of Operations

Our joint venture partner "Laminate Industry Co., Ltd." is one of the well-established metal lamination manufacturers in Japan with over 30 years experience in the production of laminated metal. The Group is positive that the joint venture will be able to produce laminated metal of high quality at competitive prices. We believe that this new venture will propel the Group's growth and allow us to take advantage of the robust growing metal packaging market in China.

Tinplate Processing Project in Tianjin, China

The tinplate processing plant in Tianjin has completed the construction and the installation of basic production lines during the period under review. All necessary government approvals for converting the plant from a wholly-foreign-owned entity into a 50/50 Sino-foreign-owned joint venture with Tianjin Bohai Light Industrial Group Co., Ltd. and the corresponding new business license was received in May 2013.

The plant will be engaged in the slitting, cutting and printing of tinplate for sales and distribution in China. Feedstock tinplate will be procured from affiliate company within the Group, namely the Jiangsu tinplate plant, as well as third party tinplate suppliers. The slitting and cut-to-length lines are expected to commence commercial production in the first half of FY2014 while the tinplate printing line is expected to commence commercial production in the fourth quarter of FY2014.

Our joint venture partner "Tianjin Bohai Light Industrial Group Co., Ltd." is a state-owned enterprise in China with a diversified portfolio of businesses spanning from fast-moving consumer goods, food technology development, plastics products, and chemical products to precision machineries. It has established permanent alliances with leading companies in the fast-moving consumer goods and metal packaging sectors, along the food and beverage industry: covering tinplate processing, can-making, canning and branding, as well as sales and distribution of canned drinks. We are confident that this joint venture will enable the Group to capture new opportunities along the value chain of food and beverage industry.

Other Projects

During FY2013 and up to the date of this Annual Report, the Group has not incurred any cost for any other project. Further announcement will be made by the Group in accordance with the listing manual of the Singapore Exchange Securities Trading Limited and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 2013, nor were there material acquisitions and disposal of subsidiaries during FY2013.

CEO's Review of Operations

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 22 to the financial statements.

Foreign Exchange Exposure

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

Contingent Liabilities

The Group's contingent liabilities as at 30 April 2013 are shown in Note 30 to the financial statements.

Liquidity and Financial Resources

The Group's borrowings increased from approximately US$16.6 million as at 30 April 2012 to approximately US$64.1 million as at 30 April 2013. Borrowings related to the Jiangsu tinplate manufacturing plant increased by approximately US$38.7 million from approximately US$5.0 million as at 30 April 2012 to approximately US$43.7 million as at 30 April 2013, representing approximately 30.1% and 68.2% of total borrowings as at 30 April 2012 and 30 April 2013 respectively. As at 30 April 2013, the total borrowings used for long term capital expenditure and working capital were approximately US$24.0 million (i.e. US$18.6 million for non-current portion and US$5.4 million for current portion) and US$19.7 million respectively.

An aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately 30.4% from approximately US$27.6 million as at 30 April 2012 to approximately US$19.2 million as at 30 April 2013. Total cash and bank balance represents approximately 37.0% of the Group's net assets value as at 30 April 2013 (approximately 47.2% of net assets value as at 30 April 2012).

Employees and Remuneration Policies

As at 30 April 2013, the Group had a total of 339 (2012: 141) full-time employees. The Group determines its staff's remuneration based on factors such as qualifications, years of experience, market conditions and performance of the individual employees. The Company does not have share option scheme for its employees.

Appreciation

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

Chow Kin Wa
Executive Director and Chief Executive Officer

Board of Directors

Executive Directors

Yu Wing Keung, **Dicky**, aged 50, 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 and investment 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 46, 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 49, 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, and founding vice chairman of its Hong Kong Branch. He is the elder brother of Mr. Chow Kin Wa, an executive Director and Chief Executive Officer.

Board of Directors

Independent non-executive Directors

Tang Chi Loong, aged 44, 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 the Nominating Committee and a member of the Audit Committee.

Foo Teck Leong, aged 48, 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 is the Chairman of the Audit Committee since 19 November 2010, and a member of the Remuneration Committee and the Nominating Committee since 1 April 2010.

Tse To Chung, **Lawrence**, aged 45, 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, the Remuneration Committee and the Nominating Committee since 19 November 2010.

Senior Management

Chong Wai Man, aged 49, Chief Financial Officer 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 47, 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 51, 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 44, 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 44, 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 20 years of experience in multinational steel trading and manufacturing groups, he has established extensive business networks in the PRC.

Tam Hin Shi, aged 33, 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.

Corporate Governance Report

The Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**", together with its subsidiaries (collectively referred to as the "**Group**")) are pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 30 April 2013 (the "**Year**").

Corporate Governance Practices of the Company

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

During the Year, the Company has adopted, for corporate governance purposes, the code provisions of the Corporate Governance Code (the "**HK CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") (collectively, the "**HK Listing Rules**"), in addition to the Singapore Code of Corporate Governance 2005 (the "**Singapore CG Code**"). In the event of any conflict between the Singapore CG Code and the HK CG Code, the Company will comply with the more onerous code provisions.

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

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

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the 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.

Corporate Governance Report

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

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

Board Meetings

The Board has scheduled to meet at least four times a year. 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.

Corporate Governance Report

The CEO, Chief Financial Officer 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, 4 regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

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

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meeting held during the Year	4	4	1	1
Executive Directors				
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 and 10% shareholders. 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 the Remuneration Committee and member of the Audit Committee)*
Mr. Foo Teck Leong *(Chairman of the Audit Committee and member of the Nominating Committee and the Remuneration Committee)*
Mr. Tse To Chung, Lawrence *(member of the Audit Committee, the Nominating Committee and the Remuneration Committee)*

Corporate Governance Report

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, 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 and the Singapore CG Code.

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.

Corporate Governance Report

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. Yu Wing Keung, Dicky and Mr. Tse To Chung, Lawrence 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 2013 contains detailed information of the Directors standing for re-election. Other key information regarding the Directors is set out under "Board of Directors" of this Annual Report.

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 associated 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.

Corporate Governance Report

Code provision A.4.1 of the HK 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 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 and the contribution by each Director to the effectiveness of the Board. The performance evaluation criteria include an evaluation of the structure, composition and size of the Board, the Board's access to complete, adequate and timely information, Board's procedures and accountability. The Nominating Committee has reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

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

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

The Nominating Committee met once during the Year. The independence of each Director is reviewed annually by the Nominating Committee with reference to the guidelines set out in the Singapore CG Code. In addition, the independence of the Company's independent non-executive Directors meets the requirements set out in Rule 3.13 of the HK Listing Rules. The Nominating Committee has assessed the independence of the independent non-executive Directors and is satisfied that there are no relationships which would deem any of the independent non-executive Directors not to be independent.

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

Corporate Governance Report

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, all Directors have complied with code provision A.6.5 of the HK CG Code to participate in continuous professional development to develop and refresh their knowledge and skills.

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).

Corporate Governance Report

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

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

The Remuneration Committee'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 and had recommended to the Board a maximum amount not exceeding S$130,000 as Directors' fees for the year ending 30 April 2014. The Remuneration Committee made recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The Board will propose Directors' fees for the year ending 30 April 2014 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.

For the Year, the Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and the senior management.

Corporate Governance Report

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 during the Year 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, the Group had the following Senior Management whose emoluments are set out below:

	Salary and bonus %	Share option %	Allowances and other benefits %	Total %
Below S$250,000				
Chong Wai Man	100	–	–	100
Kwan Yee Mui, Tonette	100	–	–	100
Ma Yiu Ming	100	–	–	100
Tam Hin Shi	100	–	–	100
Ji Na Xin	100	–	–	100
Chu Wai Lim	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 highest paid employees are disclosed in Note 10 to the financial statements.

Immediate Family Member of the Director or the CEO

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

Corporate Governance Report

Accountability and Audit

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

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

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

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

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

The 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 auditor.

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 auditor of the Company and the internal auditor's evaluation of the adequacy of the Company's system of internal controls, the audit reports and management letters issued by the external auditor and the co-operation given by the Company's management to the external auditor;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditor and internal auditor, and to review the remuneration and terms of engagement of the external auditor;
- reviewing the nature and extent of non-audit services provided by the external auditor;
- reviewing cost effectiveness and the independence and objectivity of the external auditor;
- reviewing the significant financial reports so as to ensure the integrity of the financial statements of the Company and focus in particular on the changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit and compliance with financial reporting standards;
- reviewing quarterly, interim and annual financial statements and announcements before submission to the Board for approval;
- reviewing effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management and reviews the findings of the internal auditor of the Company;
- reviewing interested person transactions in accordance with the requirements as defined in the Listing Manual and the HK Listing Rules and 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 auditor and internal auditor, in separate executive sessions without the presence of the management of the Company (if applicable), to discuss any matters that the auditor believes should be discussed privately with the Audit Committee;
- reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- undertaking such other functions, duties, reviews and projects as may be requested by the Board or as may be required by statute or the Listing Manual.

Corporate Governance Report

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 Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 50 to 51 of this Annual Report.

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

Service Category	Fees Paid/Payable
	US$
Audit Services	95,948
Tax Advisory Services	5,136
Total	101,084

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

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

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.

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

The Board with the concurrence of the Audit Committee is of the opinion that the Group's internal control was adequate 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 Chief Financial Officer;
- reports issued by the internal and external auditors; and
- annual reviews performed by the management, the Audit Committee and the Board.

Corporate Governance Report

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 auditor and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

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 27 August 2012 ("**AGM 2012**") was as follows:–

Members of the Board	AGM 2012 Attendance
Executive Directors	
Yu Wing Keung, Dicky	1/1
Chow Kin Wa	1/1
Chow Kin San	0/1
Independent non-executive Directors	
Tang Chi Loong	1/1
Foo Teck Leong	1/1
Tse To Chung, Lawrence	0/1

During the Year, the Directors attended AGM 2012 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 2012. The Company's external auditor had attended the AGM 2012 and were 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, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees are available to answer questions for shareholders and stakeholders at the general meetings; (iii) regular media activities in various locations to update 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's website, and posted on the Company's website accordingly.

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

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.

Corporate Governance Report

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 change in the Company's constitutional documents during the Year.

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.

The Company Secretaries, Ms. Wee Woon Hong (resigned on 8 July 2013) and Mr. Lee Hock Heng was/is external service provider(s) to act as secretaries in compliance with the Companies Act, while Mr. Chong Wai Man and Ms. Lau Jeanie are the primary contact persons of the Company.

Corporate Governance Report

Dealings in the Company's Securities

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

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

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

Directors' Interests in Competing Business

During the financial year 2012, New Page Investments Limited (i.e. a holding company of the Company, which is held as to 70% by Mr. Yu Wing Keung, Dicky and as to 30% by Mr. Chow Kin Wa.) has executed an agreement (the "**Agreement**") with independent third parties (the "**Parties**") whereby New Page Investments Limited be granted by the Parties with a right to acquire 50% of all the iron ore produced by the Parties for a period of four years subject to the terms and conditions of the Agreement. Up to the date of this report, New Page Investments Limited has not yet exercised the said right. Save as disclosed above, 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.

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 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

There were no material contracts and loans of the Company, or any of its subsidiaries involving the interests of the CEO or any Directors or controlling shareholders, during the Year, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

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 (the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the year ended 30 April 2013 (the "**Year**").

Principal Activities

During the Year, the Company acted as an investment holding company and its subsidiaries were principally engaged in (1) trading and distribution of iron ore, coal and steel products; and (2) manufacturing, sales and distribution of tinplate and related products for metal packaging industry in the People's Republic of China (the "**PRC**"). The Group has been continuously expanding its businesses into value-added downstream segments, including but not limited to the growing and high potential food and beverage packaging and canning market.

Subsidiaries and Associates

Particulars of the Company's principal subsidiaries and associates as at 30 April 2013 are set out in Notes 16 and 17 to the financial statements.

Results and Dividends

The results of the Group for the Year and the state of affairs of the Company and the Group at that date are set out in the financial statements, on pages 52 to 120 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 names are appeared on the register of members of the Company at the close of business on 12 September 2013. Such dividend will be paid on 4 October 2013 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.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in Note 25 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 2013, the Company's reserves available for distribution amounted to approximately US$2,479,897 (2012: US$2,790,922).

Directors' Report

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers accounted for 41% (2012: 48%) of the Group's total sales, purchases from the Group's five largest suppliers accounted for 39% (2012: 49%) of the Group's total purchases and purchases from the largest supplier included therein amounted to 10% (2012: 16%).

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

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. Yu Wing Keung, Dicky and Mr. Tse To Chung, Lawrence 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.

Directors' Report

Arrangements to Enable Directors to Acquire Shares and Debentures

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 30.4.2013	At 1.5.2012	**At 30.4.2013**	At 1.5.2012
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	**–**	–

(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 Year and 21 May 2013.

Directors' Interests in Shares and Debentures (Continued)

(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 2013, 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**") set out in Appendix 10 of the HK Listing Rules or which were required to be entered in the register required to be kept under Section 352 of the SFO were as follows:

			Number of ordinary shares					
Name of Directors	Long/Short position	Capacity	Personal interest	Family interest	Corporate interest	Other interest	Total	Approximate percentage of the issued share capital of the Company
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 2013, the Company had 170,804,269 ordinary shares in issue.

Note 2: The 117,143,750 shares are held by New Page Investments Limited, a holding company of the Company, which is held 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.

Save as disclosed above, as at 30 April 2013, none of the Company's Directors and chief executives had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

Directors' Report

Directors' Interests in Shares and Debentures (Continued)

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

As at 30 April 2013, 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 2013, no person other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Directors' Interests in Contracts and Directors' Contractual Benefits

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 at the end of the Year or at any time during the Year.

Save for the above, 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' Report

Share Option

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

Audit Committee

The Audit Committee consists of three members, all are independent non-executive Directors. During the 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 auditor's 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 auditor's 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 auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee.

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

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 auditor of the Company at the forthcoming AGM.

Directors' Report

Related Party Transactions

The Group has entered into certain related party transactions as disclosed in Note 4 to the financial statements. These related party transactions constitute exempt connected transactions under Rule 14A.31(2)(c) of the HK Listing Rules which will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

Internal Controls

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

Independent Auditor

The independent auditor, Messrs Baker Tilly TFW LLP has expressed its willingness to accept re-appointment as independent auditor 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 2013.

On behalf of the Board

Yu Wing Keung, Dicky
Director

Chow Kin Wa
Director

18 July 2013

Statement by Directors

In the opinions 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 52 to 120 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 2013 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 2013

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 52 to 120, which comprise the statements of financial position of the Group and Company as at 30 April 2013, 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.

Independent Auditor's Report (cont'd)

Report on the Financial Statements (Continued)

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 2013 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
Chartered Accountants
Singapore

18 July 2013

Consolidated Income Statement

For the Year Ended 30 April 2013

	Note	2013 US$	2012 US$
			(Restated)
Revenue	5	**284,203,142**	327,818,525
Cost of sales		**(270,726,202)**	(308,885,893)
Gross profit		**13,476,940**	18,932,632
Other income	6	**2,509,388**	1,717,910
Distribution and selling expenses	7	**(11,325,612)**	(14,554,044)
Administrative expenses		**(7,460,779)**	(7,320,099)
Other operating (expenses)/income		**(2,612,613)**	68,270
Finance costs	8	**(923,580)**	(1,127,636)
Share of results of associated companies		**–**	78,758
Loss before tax	9	**(6,336,256)**	(2,204,209)
Income tax (expenses)/credit	11	**(21,272)**	35,493
Loss for the year		**(6,357,528)**	(2,168,716)
Attributable to:			
Owners of the Company	12	**(5,578,029)**	(1,875,505)
Non-controlling interests		**(779,499)**	(293,211)
		(6,357,528)	(2,168,716)
Loss per share (in US cents)			
Basic	13	**(3.27)**	(1.10)
Diluted	13	**(3.27)**	(1.10)

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2013

	2013 US$	2012 US$
Loss for the year	**(6,357,528)**	(2,168,716)
Other comprehensive income:		
Exchange differences on translation of the Group's overseas operations, net of tax	**293,706**	508,430
Other comprehensive income for the year	**293,706**	508,430
Total comprehensive expenses for the year	**(6,063,822)**	(1,660,286)
Attributable to:		
Owners of the Company	**(5,314,888)**	(1,401,815)
Non-controlling interests	**(748,934)**	(258,471)
	(6,063,822)	(1,660,286)

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

Statements of Financial Position

As at 30 April 2013

		Group		Company	
	Note	2013 US$	2012 US$	2013 US$	2012 US$
Non-current assets					
Property, plant and equipment	14	**49,648,713**	19,777,541	**–**	–
Goodwill arising on business combinations	15	**98,126**	–	**–**	–
Investments in associated companies	16	**–**	588,492	**–**	–
Investments in subsidiaries	17	**–**	–	**79,588,337**	79,588,417
		49,746,839	20,366,033	**79,588,337**	79,588,417
Current assets					
Inventories	18	**24,830,931**	13,664,774	**–**	–
Derivative financial instruments	19	**–**	261,559	**–**	–
Trade and other receivables	20	**54,987,754**	41,918,043	**34,466,965**	34,453,826
Tax recoverable		**5,808**	45,432	**–**	–
Cash and bank balances	21	**19,149,974**	27,554,890	**68,036**	249,880
		98,974,467	83,444,698	**34,535,001**	34,703,706
Total assets		**148,721,306**	103,810,731	**114,123,338**	114,292,123
Non-current liabilities					
Borrowings – secured	22	**18,650,000**	5,000,000	**–**	–
Deferred income	23	**183,744**	186,059	**–**	–
		18,833,744	5,186,059	**–**	–
Current liabilities					
Trade and other payables	24	**32,628,480**	28,424,366	**303,029**	160,789
Deferred income	23	**4,046**	4,008	**–**	–
Derivative financial instruments	19	**–**	254,438	**–**	–
Borrowings – secured	22	**45,492,050**	11,550,981	**–**	–
Tax payable		**5,722**	6,925	**–**	–
		78,130,298	40,240,718	**303,029**	160,789
Total liabilities		**96,964,042**	45,426,777	**303,029**	160,789
Net assets		**51,757,264**	58,383,954	**113,820,309**	114,131,334
Equity					
Share capital	25	**32,238,531**	32,238,531	**108,739,451**	108,739,451
Retained earnings		**14,306,837**	21,307,450	**2,479,897**	2,790,922
Foreign currency translation reserve		**1,035,658**	772,517	**–**	–
Statutory reserve	26	**33,481**	–	**–**	–
Other reserve	27	**2,600,961**	2,600,961	**2,600,961**	2,600,961
Total equity attributable to owners of the Company		**50,215,468**	56,919,459	**113,820,309**	114,131,334
Non-controlling interests		**1,541,796**	1,464,495	**–**	–
Total equity		**51,757,264**	58,383,954	**113,820,309**	114,131,334

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

Statements of Changes in Equity

For the Year Ended 30 April 2013

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 equity 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	28	–	(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								
Capital injection by non-controlling shareholders		–	–	–	–	–	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 2013

Group	Note	Share capital US$	Retained earnings US$	Foreign currency translation reserve US$	Statutory reserve US$	Other reserve US$	Total equity attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
Balance at 1 May 2012		32,238,531	21,307,450	772,517	–	2,600,961	56,919,459	1,464,495	58,383,954
Transfer to statutory reserve		–	(33,481)	–	33,481	–	–	–	–
Loss for the year		–	(5,578,029)	–	–	–	(5,578,029)	(779,499)	(6,357,528)
Other comprehensive income									
Exchange differences on translation of the Group's overseas operations, net of tax		–	–	263,141	–	–	263,141	30,565	293,706
Other comprehensive income for the year		–	–	263,141	–	–	263,141	30,565	293,706
Total comprehensive (expenses)/ income for the year		–	(5,578,029)	263,141	–	–	(5,314,888)	(748,934)	(6,063,822)
Distributions to owners of the Company									
Dividend paid	28	–	(1,389,103)	–	–	–	(1,389,103)	–	(1,389,103)
Total distributions to owners of the Company		–	(1,389,103)	–	–	–	(1,389,103)	–	(1,389,103)
Changes in ownership interests in subsidiaries									
Capital injection by a non-controlling shareholder		–	–	–	–	–	–	200,000	200,000
Acquisition of subsidiaries	17(b)	–	–	–	–	–	–	626,235	626,235
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	826,235	826,235
Total transactions with owners of the Company recognised directly in equity		–	(1,389,103)	–	–	–	(1,389,103)	826,235	(562,868)
Balance at 30 April 2013		**32,238,531**	**14,306,837**	**1,035,658**	**33,481**	**2,600,961**	**50,215,468**	**1,541,796**	**51,757,264**

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

Statements of Changes in Equity (cont'd)

For the Year Ended 30 April 2013

Company	Note	Share capital US$	Retained earnings US$	Other reserve US$	Total equity US$
Balance at 1 May 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	28	–	(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
Profit for the year		–	1,078,078	–	1,078,078
Distributions to owners of the Company					
Dividend paid	28	–	(1,389,103)	–	(1,389,103)
Total distributions to owners of the Company		–	(1,389,103)	–	(1,389,103)
Total transactions with owners of the Company recognised directly in equity		–	(1,389,103)	–	(1,389,103)
Balance at 30 April 2013		**108,739,451**	**2,479,897**	**2,600,961**	**113,820,309**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 April 2013

	Note	2013 US$	2012 US$
Cash flows from operating activities			
Loss before tax		**(6,336,256)**	(2,204,209)
Adjustments for:			
Amortisation of deferred income	6	**(3,995)**	(3,958)
Fair value loss/(gain) on derivative financial instruments	9	**7,120**	(7,120)
Depreciation of property, plant and equipment	9	**581,663**	493,192
Loss on disposal of an associated company	9	**98,492**	–
Loss on disposal of intangible assets	9	**1,938**	–
Loss on disposal of property, plant and equipment	9	**215,117**	–
Interest expenses		**574,100**	770,554
Interest income	6	**(317,706)**	(267,791)
Impairment of property, plant and equipment	9	**–**	145,154
Net realised loss/(gain) on derivative financial instruments	9	**170,598**	(237,213)
Share of results of associated companies		**–**	(78,758)
Written off of amounts due from associated companies	9	**1,758,554**	–
Written off of other receivable and prepayment	9	**835,477**	39,099
Written off of property, plant and equipment	9	**41,303**	–
Operating cash flows before movements in working capital		**(2,373,595)**	(1,351,050)
Inventories		**(11,166,157)**	5,682,329
Trade and other receivables		**(15,612,799)**	(6,367,132)
Trade and other payables		**4,238,797**	8,185,954
Currency translation differences		**(234,903)**	389,737
Cash (used in)/generated from operations		**(25,148,657)**	6,539,838
Income tax refunded/(paid), net		**16,306**	(302,304)
Interest income received		**317,706**	267,791
Net cash (used in)/generated from operating activities		**(24,814,645)**	6,505,325
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**190,772**	–
Proceeds from disposal of intangible assets		**18,370**	–
Purchase of intangible asset		**(20,308)**	–
Purchase of property, plant and equipment	14	**(29,007,763)**	(10,343,954)
Acquisition of subsidiaries, net of cash acquired	17(b)	**337,624**	–
Proceeds from disposal of an associated company		**490,000**	–
Net cash (paid)/received from realised derivative financial instruments		**(170,598)**	246,640
Net cash used in investing activities		**(28,161,903)**	(10,097,314)

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

Consolidated Statement of Cash Flows (cont'd)

For the Year Ended 30 April 2013

	Note	2013 US$	2012 US$
Cash flows from financing activities			
Dividend paid		**(1,389,103)**	(2,832,597)
Decrease/(increase) in pledged deposits		**3,074,130**	(4,171,079)
Net proceeds from short term borrowings		**36,051,078**	5,463,500
Drawdown of bank borrowings		**14,445,480**	22,232,777
Repayment of bank borrowings		**(3,015,202)**	(29,358,970)
Interest expenses paid	8	**(1,756,690)**	(790,429)
Capital injection by non-controlling shareholders		**200,000**	571,933
Net cash generated from/(used in) financing activities		**47,609,693**	(8,884,865)
Net decrease in cash and cash equivalents		**(5,366,855)**	(12,476,854)
Cash and cash equivalents at beginning of the year		**15,303,011**	27,747,392
Effect of currency translation on cash and cash equivalents		**36,069**	32,473
Cash and cash equivalents at end of the year	21	**9,972,225**	15,303,011

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

Notes to the Financial Statements

For the Year Ended 30 April 2013

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 60 Albert Street, #08-12 OG Albert Complex, Singapore 189969. 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 17 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 Singapore 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 in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 April 2013 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements are effective for financial periods beginning on or after 1 January 2014.

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group has yet to assess the full impact of FRS 110 and intends to apply the Standard from 1 May 2014.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial period beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

2. Summary of significant accounting policies (Continued)

(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.

(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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

2. Summary of significant accounting policies (Continued)

(c) Basis of consolidation (Continued)

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

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

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

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 recognised in the profit or loss using the effective interest method.

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

(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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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

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

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

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

(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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 (excluding prepayments and advance payments) 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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses. Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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

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 hedges of net investment in a foreign operations.

Interest income is recognised separately in profit or loss.

(v) Impairment

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

Loans and receivables

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

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

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 statements of financial position of the Group and the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(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.

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. 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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of operating segments.

(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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

(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 32(a).

(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 2013 was US$49,648,713 (2012: US$19,777,541).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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 data 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 2013, the Group impaired property, plant and equipment amounted to US$Nil (2012: US$145,154).

(iii) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable 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 2013 was US$5,722 (2012: US$6,925) and US$5,808 (2012: US$45,432), respectively.

4. Related party transactions

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

		Group	
		2013	2012
		US$	US$
Office rental paid to a related party	(i)	**117,231**	107,461
Warehouse rental charges paid to a related party	(ii)	**52,266**	199,311
Sales of goods to related parties	(iii)	**32,352**	116,404
Purchases of goods from related parties	(iii)	**32,431**	164,663
Miscellaneous expenses charged by associated companies	(iv)	**–**	122,212
Miscellaneous expenses charged by a related party	(iv)	**104,458**	–
Agency fees charged by a related party	(v)	**123,326**	–
Sales proceeds of property, plant and equipment to related parties	(vi)	**601**	–
Office rental received from a related party	(vii)	**31,819**	–
Written off of other receivable	(viii)	**835,477**	–
Written off of amounts due from associated companies	(ix)	**1,758,554**	–

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

4. Related party transactions (Continued)

(a) In addition to information disclosed elsewhere in the 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 (Continued):

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

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

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

(iv) Handling fees charged by associated companies and a related party for issuance of sales and purchase contracts.

(v) Agency fees paid to a related party for conducting business activities. The charge rate was approximately US$32 (equivalent to HKD248) per tonne of actual quantity shipped.

(vi) Sales proceeds received from related parties for the disposal of property, plant and equipment. The proceeds were transacted at mutually agreed rates.

(vii) Charges received from a related party for leasing an office for daily operation of the related party.

(viii) An impairment on outstanding balance due from a related party (Note 32(b)(i)).

(ix) Written off of amounts due from associated companies who are to be dissolved (Note 32(b)(i)).

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

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

	Group	
	2013	2012
	US$	US$
Directors' fee	**93,948**	93,503
Salaries and bonuses	**1,381,203**	1,424,463
Contributions to defined contribution plans	**26,177**	20,239
	1,501,328	1,538,205
Comprise amounts paid to:		
– Directors of the Company	**922,021**	920,517
– Other key management personnel	**579,307**	617,688
	1,501,328	1,538,205

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

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

5. Revenue

	Group	
	2013	2012
	US$	US$
Sales of steel products	**231,488,317**	269,752,433
Sales of coal	**52,714,825**	58,066,092
	284,203,142	327,818,525

6. Other income

	Group	
	2013	2012
	US$	US$
		(Restated)
Amortisation of deferred income (Note 23)	**3,995**	3,958
Government grants[#]	**554,234**	697,827
Net compensation received[##]	**1,112,563**	–
Rental income	**31,819**	–
Sundry income	**376,386**	377,030
Transportation income	**112,685**	371,304
	2,191,682	1,450,119
Bank interest income	**317,706**	267,791
Total	**2,509,388**	1,717,910

[#] A subsidiary incorporated in the PRC received cash incentive from the government of the People's Government of Daduo, Xing Hua Shi, the PRC as an appreciation of project contribution.

[##] It represents one-off compensation received from customers and suppliers for price differences and demurrage claims derived from normal course of business.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

7. Distribution and selling expenses

	Group	
	2013	2012
	US$	US$
Compensation	98,325	–
Distribution agency fees	2,609,753	1,513,875
Freight charges	7,152,704	11,557,151
Freight insurance	127,299	134,232
Inspection fees	251,536	318,948
L/C agency fees	123,325	–
Port handling charges	554,886	125,688
Shipping handling charges	154,610	115,573
Transportation charges	93,420	563,975
Warehouse charges	53,798	213,267
Others	105,956	11,335
	11,325,612	14,554,044

8. Finance costs

	Group	
	2013	2012
	US$	US$
Bank charges	349,480	357,082
Interest on bank borrowings	1,756,690	790,200
Bank overdraft interest	–	229
	2,106,170	1,147,511
Less: Finance costs capitalised into construction in progress (Note 14)	(1,182,590)	(19,875)
	923,580	1,127,636

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

9. Loss before tax

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

	Group	
	2013	2012
	US$	US$
		(Restated)
Audit fees paid to:		
– auditor of the Company	**95,948**	78,974
– other auditors*	**62,323**	61,039
Non-audit fees paid to:		
– auditor of the Company	**5,136**	22,865
– other auditors*	**2,160**	14,474
Depreciation of property, plant and equipment	**581,663**	493,192
Fair value loss/(gain) on derivative financial instruments	**7,120**	(7,120)
Impairment of property, plant and equipment	**–**	145,154
Loss on disposal of an associated company	**98,492**	–
Loss on disposal of intangible assets	**1,938**	–
Loss on disposal of property, plant and equipment	**215,117**	–
Material costs recognised as an expense in cost of sales	**269,565,716**	308,885,893
Pre-operating expenses	**991**	19,162
Rental expenses	**285,018**	241,079
Net exchange (gains)/losses	**(471,636)**	30,909
Net realised loss/(gain) on derivative financial instruments	**170,598**	(237,213)
Staff costs (Note 10)	**4,219,659**	4,334,596
Written off of amounts due from associated companies	**1,758,554**	–
Written off of other receivable and prepayment	**835,477**	39,099
Written off of property, plant and equipment	**41,303**	–

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

10. Staff costs

	Group	
	2013	2012
	US$	US$
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	**4,051,997**	4,173,379
– Contributions to defined contribution plans	**167,662**	161,217
	4,219,659	4,334,596

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

10. Staff costs (Continued)

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

	Group	
	2013	2012
	US$	US$
Tang Chi Loong	**34,630**	34,413
Foo Teck Leong	**36,241**	36,013
Tse To Chung, Lawrence	**23,077**	23,077
	93,948	93,503

There were no other emoluments payable to the independent non-executive Directors during the years ended 30 April 2013 and 2012.

(b) Remuneration of executive Directors

	Fees US$	Salaries and benefits in-kind US$	Defined contribution plans US$	Total remuneration US$
Group				
2013				
Yu Wing Keung, Dicky	**–**	**320,000**	**1,891**	**321,891**
Chow Kin Wa	**–**	**256,000**	**1,891**	**257,891**
Chow Kin San	**–**	**246,400**	**1,891**	**248,291**
	–	**822,400**	**5,673**	**828,073**
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

There were no arrangements under which a Director waived or agreed to waive any remuneration during the years ended 30 April 2013 and 2012.

During the years ended 30 April 2013 and 2012, 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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

10. Staff costs (Continued)

(c) Five highest paid employees

The five highest paid employees in the Group for the year included three (2012: three) Directors, details of whose remuneration are set out in Note (b) above. Details of the remaining two (2012: two) non-directors highest paid employees for the year are as follows:

	Group	
	2013	2012
	US$	US$
Salaries and bonus	**243,046**	333,067
Contributions to defined contribution plans	**12,756**	3,077
	255,802	336,144

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

	Group	
	2013	2012
HKD1,500,001 to below HKD2,000,000	**–**	1
HKD1,000,001 to below HKD1,500,000	**1**	–
HKD500,001 to below HKD1,000,000	**1**	1
Below HKD500,000	**–**	–
	2	2

During the years ended 30 April 2013 and 2012, no remuneration was paid by the Group to the five individuals with the highest remuneration in the Group as an inducement to join or upon joining the Group or as a compensation for loss of office.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

11. Income tax

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

	Group	
	2013	2012
	US$	US$
Current tax – SG		
Under/(Over) provision in prior years	**8,532**	(7,218)
Current tax – HK		
Under/(Over) provision in prior years	**7**	(1)
Current tax – Others		
Provision for the year	**15,701**	23,195
Over provision in prior years	**(2,968)**	(51,469)
	21,272	(35,493)

The income tax expenses/(credit) 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	
	2013	2012
	US$	US$
Loss before tax	**(6,336,256)**	(2,204,209)
Less: Share of results of associated companies	**–**	(78,758)
	(6,336,256)	(2,282,967)
Tax at the domestic rates applicable to (loss)/profits in the countries where the Group operates	**(920,359)**	(187,609)
Expenses not deductible for tax purpose	**601,581**	41,345
Income not subject to tax	**(283,143)**	(567,975)
Deferred tax assets not recognised	**677,807**	739,171
Income subject to concessionary tax rate	**–**	(10,529)
Under/(over) provision of tax in prior years	**5,571**	(58,688)
Utilisation of previously unrecognised tax losses	**(34,061)**	–
Others	**(26,124)**	8,792
Income tax expenses/(credit)	**21,272**	(35,493)

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

11. Income tax (Continued)

No provision for Singapore income tax has been made as the Group has no assessable profits for the years ended 30 April 2013 and 2012.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the years ended 30 April 2013 and 2012.

Taxes on profits assessable in the PRC has been calculated at 25% (2012: 25%) for the years ended 30 April 2013 and 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$6,718,000 (2012: US$3,842,000) 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$1,340,000 (2012: US$828,000) 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.

12. Profit attributable to owners of the Company

The consolidated loss attributable to owners of the Company for the year ended 30 April 2013 includes a profit of US$1,078,078 (2012: US$2,672,875) which has been dealt with in the financial information of the Company.

13. Loss per share

Basic and diluted loss per share is calculated based on the Group's loss for the year attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the years ended 30 April 2013 and 2012.

	Group	
	2013	2012
	US$	US$
Loss attributable to owners of the Company	**(5,578,029)**	(1,875,505)

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

13. Loss per share (Continued)

	Number of shares	
	2013	2012
	'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 2013 and 2012 and therefore the diluted loss per share amounts for those years were the same as the basic loss 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$
2013							
Cost							
At 1.5.2012	10,621,478	106,302	114,353	962,918	174,693	9,035,042	21,014,786
Acquisition of subsidiaries	–	–	2,677	63,803	53,945	–	120,425
Additions	10,979	100,656	41,341	45,181	9,835	29,982,361	30,190,353
Disposals/written off	–	(8,317)	(7,291)	–	(88,765)	(549,335)	(653,708)
Exchange realignment	33,814	(6,150)	(3,934)	6,607	621	579,594	610,552
At 30.4.2013	10,666,271	192,491	147,146	1,078,509	150,329	39,047,662	51,282,408
Accumulated depreciation and impairment loss							
At 1.5.2012	549,945	35,270	59,303	357,988	89,585	145,154	1,237,245
Acquisition of subsidiaries	–	–	1,225	2,658	10,349	–	14,232
Charge for the year	276,353	33,413	26,375	209,474	36,048	–	581,663
Disposals/written off	–	(5,168)	(5,591)	–	(50,603)	(145,154)	(206,516)
Exchange realignment	3,282	317	229	3,091	152	–	7,071
At 30.4.2013	829,580	63,832	81,541	573,211	85,531	–	1,633,695
Net carrying value							
At 30.4.2013	9,836,691	128,659	65,605	505,298	64,798	39,047,662	49,648,713

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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$
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

The Group's construction work in progress included finance costs arising from bank loan borrowed specifically for the purpose of the construction of manufacturing plant in Jiangsu, the PRC. During the year ended 30 April 2013, the finance costs capitalised as cost of construction work in progress amounted to US$1,182,590 (2012: US$19,875). The rate used to determine the amount of finance costs eligible for capitalisation was ranged from 5.2% to 5.3% per annum (2012: 5.3% per annum), which is the effective interest rate of the specific borrowing.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

14. Property, plant and equipment (Continued)

At the end of the reporting period, property, plant and equipment with the following net carrying values are pledged to certain banks for banking facilities (Note 22):

	Group	
	2013 US$	2012 US$
Leasehold land and buildings	8,668,057	8,888,726
Construction work in progress	34,561,017	6,146,402
	43,229,074	15,035,128

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

	Group	
	2013 US$	2012 US$
Long leasehold land and building in HK	5,280,747	5,411,419
Long leasehold land and building in Shanghai, the PRC	1,465,096	1,531,584
Long leasehold land in Tianjin, the PRC	1,168,636	1,182,807
Long leasehold land in Jiangsu, the PRC	1,922,212	1,945,723
	9,836,691	10,071,533

15. Goodwill arising on business combinations

	2013 US$	2012 US$
Cost		
Balance at beginning of year	–	–
Acquisition of subsidiaries (Note 17(b))	98,334	–
Exchange realignment	(208)	–
Balance at end of year	98,126	–

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

16. 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 2013	2012
				%	%
Held by GLOBAL WEALTH TRADING LIMITED					
RICO GROUP LIMITED#	BVI	US$100	Investment holding	**30**	30
NOVOSTAL PTE. LTD.@(a)	SG	SGD2,000,000	Trading and investment	**30**	30
Held by RICO GROUP LIMITED					
NOVOSTAL LIMITED@@(b)	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

not required to be audited in the country of incorporation

@ audited by CPA Trust PAC

@@ audited by Y.K.Yu & Co

@@@ audited by Uhy Lee Seng Chan & Co

^ During the financial year, POS-SEA PTE. LTD. undertook a selective capital reduction and repayment exercise (the "**Exercise**"). Upon completion of the Exercise, the issued and fully paid-up capital of POS-SEA PTE. LTD. immediately reduced to US$1,510,000, and it ceased to be an associated company accordingly

(a) In the process of striking-off from the register

(b) In the process of deregistration

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:

	2013 US$	2012 US$
Revenue	**–**	63,040,153
Loss after tax	**(250,014)**	(146,664)
Total assets	**–**	5,651,398
Total liabilities	**(1,399,930)**	(6,399,305)

The Group has not recognised current year losses amounting to US$444,433 (2012: US$23,741) for RICO GROUP LIMITED because the Group's share of losses has exceeded its interests in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was US$1,019,979 (2012: US$575,546).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries

	Company	
	2013	2012
	US$	US$
Unquoted equity shares, at cost	**79,588,337**	79,588,417

(a) Details of subsidiaries are as follows:

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2013	2012
				%	%
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#(c)	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**(b)	HK	HKD1,000,000	Trading and investment	**100**	100
Novo Management Services Limited**	HK	HKD1	Investment holding and provision of management services	**100**	100
NOVO COAL PTE. LTD.*	SG	SGD1	Investment holding	**100**	100

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2013	2012
				%	%
Held by NOVO COMMODITIES LIMITED (Hong Kong)					
NOVO COMMODITIES PRIVATE LIMITED[@]	India	Rupee10,00,000	Trading and investment	**100**	100
Held by GLOBAL WEALTH TRADING LIMITED					
XINGHUA HOLDINGS LIMITED[#(c)]	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	Investment holding	**100**	100
Held by XINGHUA HOLDINGS LIMITED					
Novo Iron Ore Limited[@(d)]	HK	HKD10	Trading and investment	**–**	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$4,285,000	Process and sales of steel and metal products	**100**	100

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2013	2012
				%	%
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#(c)	BVI	US$10	Trading and investment	100	100
Novo Shipping Ltd#	BVI	US$10	Investment holding	100	100
Novo Investment Limited#	BVI	US$10	Investment holding	100	100
Novo ETP Limited#	BVI	US$10	Investment holding	100	100
Novo Minerals Limited#(c)	BVI	US$1	Investment holding	100	100
Novo Power Limited@@	HK	HKD10	Investment holding	100	100
Novo Zhiri Resources Limited(d)	HK	HKD20	Investment holding	–	50
Held by NOVO OVERSEAS HOLDINGS PTE. LTD. & NOVO COAL PTE. LTD.					
PT. NOVO COAL#	Indonesia	US$500,000	Trading	100	100
Held by Novo Investment Limited (BVI)					
NOVO INVESTMENT LIMITED**	HK	HKD10,000	Investment holding	100	100
Held by NOVO INVESTMENT LIMITED (Hong Kong)					
Qingdao Novo Port Investment Logistic Limited@Δ^	The PRC	RMB6,348,200	Warehousing and wholesaling	100	100

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2013	2012
				%	%
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 Limited[Δ]					
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	Investment holding	100	100
Novo Investment and Development Limited[##(a)]	HK	HKD10	Investment holding	100	–
Novo Lamination Limited[##(a)]	HK	HKD10	Investment holding	100	–
Held by Novo ETP Limited (Hong Kong)					
Novowell ETP Limited[@^^Δ]	The PRC	US$17,500,000	Manufacturing and trading	95	95
Novowell International Trading (Shanghai) Company Limited[^(a)]	The PRC	US$1,000,000	Wholesale, import and export	100	–
Held by Novowell ETP Limited[Δ]					
Xing Hua City Daduo Sewage Treatment Co., Ltd[^^^Δ(e)]	The PRC	RMB7,000,000	Sewage treatment	57	–

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2013	2012
				%	%
Held by Novo Minerals Limited (BVI)					
Novo Minerals Limited[(d)]	HK	HKD1	Investment holding	–	100
Held by NOVO COAL PTE. LTD.					
Novo Iron Ore Limited[#(c)]	BVI	US$10	Investment holding	**100**	100
Held by Novo Management Services Limited					
Novo Commodities Limited[#]	Republic of Seychelles	US$1	Investment holding	**100**	100
Nova Maritime Limited[#(a)]	Republic of Seychelles	US$1	Shipping brokerage	**100**	–
Held by Novo Power Limited					
Guang Dong Yong Peng Import and Export Trading Co., Ltd[^^Δ(e)]	The PRC	RMB10,000,000	Wholesale, import and export	**51**	–

* 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 Y.K. Yu & Co

\# 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 financial year

(b) In the process of deregistration

(c) In the process of striking off from the register

(d) Subsidiaries deregistered during the financial year

(e) Subsidiaries acquired during the financial year

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

(b) Business combinations:

(i) Acquisition of Xing Hua City Daduo Sewage Treatment Co., Ltd. (興化市大垛污水處理有限公司) ("Sewage Treatment Co")

On 4 July 2012, Novowell ETP Limited, a 95% owned subsidiary of the Group acquired 60% equity interest in Sewage Treatment Co which is primarily engaged in domestic sewage treatment. The acquisition was made as part of the environmental protection requirement for the project in Jiangsu at a cash consideration of RMB4,200,000 (equivalent to approximately US$664,000).

Following the acquisition, Sewage Treatment Co became a 57% indirect subsidiary of the Group.

Fair values of identifiable assets and liabilities of the subsidiary at acquisition date, and effect on cash flows of the Group were as follows:

	US$
Assets and liabilities recognised at the date of acquisition	
Cash and bank balances	1,099,768
Goodwill arising on business combination	
Cash paid	664,041
Add: Non-controlling interests	439,907
Less: Net assets acquired	(1,099,768)
Goodwill arising on business combination	4,180
Net cash inflow arising on acquisition	
Cash and bank balances acquired	1,099,768
Less: Total cash consideration paid	(664,041)
Net cash inflow on acquisition of a subsidiary	435,727

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

(b) Business combinations (Continued):

(i) Acquisition of Xing Hua City Daduo Sewage Treatment Co., Ltd. (興化市大垛污水處理有限公司) ("Sewage Treatment Co") (Continued)

The fair value of net assets acquired could only be determined on a provisional basis due to pending completion of the fair value appraisal process. The Group is still in the process of identifying any intangible assets that can be recognised separately from goodwill and it may be adjusted upon the completion of the initial accounting.

Had the acquisition occurred on 1 May 2012, the acquired subsidiary contributed nil revenue and net profit of approximately US$3,200.

The acquired subsidiary contributed nil revenue and net profit of approximately US$7,500 to the Group for the period from 4 July 2012 to 30 April 2013.

(ii) Acquisition of Guang Dong Yong Peng Import And Export Trading Co., Ltd. (廣東永朋進出口貿易有限公司) ("Guang Dong Yong Peng")

In February 2012, the Group entered into a legally binding agreement to acquire 51% equity interest in Guang Dong Yong Peng, transfer of shares had taken place on 15 May 2012 where Guang Dong Yong Peng became a Sino-Foreign Entity Joint Venture. The acquisition was completed on 31 July 2012. Guang Dong Yong Peng is engaged in (i) steel products and coal wholesale and import/export business; and (ii) iron ore wholesale business. It holds a valid Qualification License of Coal Business for the operation of its coal trading business in the PRC. The acquisition was made as part of Group's strategy to enhance the coal business operation in the PRC at a cash consideration of RMB1,830,000 (equivalent to approximately US$288,000).

Following the acquisition, Guang Dong Yong Peng became a 51% indirect subsidiary of the Group.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

17. Investments in subsidiaries (Continued)

(b) Business combinations (Continued):

(ii) Acquisition of Guang Dong Yong Peng Import And Export Trading Co., Ltd. (廣東永朋進出口貿易有限公司) ("Guang Dong Yong Peng") (Continued)

Fair values of identifiable assets and liabilities of the subsidiary at acquisition date, and effect on cash flows of the Group were as follows:

	US$
Assets and liabilities recognised at the date of acquisition	
Property, plant and equipment	106,193
Other receivable	84,084
Cash and bank balances	189,985
	380,262
Goodwill arising on business combination	
Cash paid	288,088
Add: Non-controlling interests	186,328
Less: Net assets acquired	(380,262)
Goodwill arising on business combination	94,154
Net cash outflow arising on acquisition	
Cash and bank balances acquired	189,985
Less: Total cash consideration paid	(288,088)
Net cash outflow on acquisition of a subsidiary	(98,103)

The fair value of net assets acquired could only be determined on a provisional basis due to pending completion of the fair value appraisal process. The Group is still in the process of identifying any intangible assets that can be recognised separately from goodwill and it may be adjusted upon the completion of the initial accounting.

Had the acquisition occurred on 1 May 2012, the acquired subsidiary contributed nil revenue and net loss of approximately US$276,000.

The acquired subsidiary contributed nil revenue and net loss of approximately US$193,000 to the Group for the period from 1 August 2012 to 30 April 2013.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

18. Inventories

	Group	
	2013	2012
	US$	US$
Raw materials	**19,476,071**	–
Work-in-progress	**2,423,221**	–
Finished goods	**2,931,639**	13,664,774
	24,830,931	13,664,774

The inventories with carrying amounts of US$22,174,929 (2012: US$4,003,999) have been pledged as securities for banking facilities granted to the Group (Note 22).

Raw materials, consumables and changes in finished goods and work-in-progress included as cost of sales amounted to US$269,565,716 (2012: US$308,885,893).

19. Derivative financial instruments

	Group			
	2013		2012	
	Assets	**Liabilities**	Assets	Liabilities
	US$	**US$**	US$	US$
Foreign currency forward contracts	**–**	**–**	261,559	254,438

There is no outstanding foreign currency forward contracts as at 30 April 2013.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

20. Trade and other receivables

	Group		Company	
	2013	2012	**2013**	2012
	US$	US$	**US$**	US$
Advance payment to suppliers	**13,544,242**	10,377,358	**–**	–
Trade and bills receivables	**9,146,025**	17,014,523	**–**	–
	22,690,267	27,391,881	**–**	–
Dividend receivable from subsidiaries	**–**	–	**1,500,000**	1,500,000
Deposits	**118,538**	37,305	**–**	–
Advance payment for property, plant and equipment	**22,706,738**	7,270,968	**5,735**	–
Temporary payment	**2,944**	6,517	**–**	–
Prepayments	**1,836,634**	1,788,603	**56,052**	27,072
Other receivables	**7,193,145**	2,365,446	**–**	–
Balances due from				
– subsidiaries	**–**	–	**32,905,178**	32,926,754
– associated companies	**–**	1,786,410	**–**	–
– a related party	**–**	835,477	**–**	–
– a non-controlling shareholder	**439,488**	435,436	**–**	–
	32,297,487	14,526,162	**34,466,965**	34,453,826
	54,987,754	41,918,043	**34,466,965**	34,453,826

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

Trade and bills receivables of US$6,298,406 (2012: US$16,751,429) are pledged to banks for banking facilities granted (Note 22).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

20. Trade and other receivables (Continued)

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

	Group	
	2013	2012
	US$	US$
Current	**9,104,594**	14,060,484
Less than 1 month past due	**41,431**	1,609,195
1 to 3 months past due	**–**	1,344,844
Amount past due but not impaired	**41,431**	2,954,039
	9,146,025	17,014,523

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	
	2013	2012	**2013**	2012
	US$	US$	**US$**	US$
Chinese Renminbi ("**RMB**")	**46,186**	1,986	**–**	–
Hong Kong Dollars ("**HKD**")	**14,117**	44,095	**13,320**	13,689
Indonesian Rupiah ("**IDR**")	**17,811**	5,105	**–**	–
Singapore Dollars ("**SGD**")	**14,191**	52,472	**5,735**	13,383
UAE Dirham ("**AED**")	**2,179**	2,178	**–**	–

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

21. Cash and bank balances

	Group		Company	
	2013 US$	2012 US$	**2013 US$**	2012 US$
Cash on hand and at bank (unpledged portion)	**9,972,225**	13,089,172	**68,036**	249,880
Cash on hand and at bank (pledged portion)	**–**	2,380,665	**–**	–
Fixed deposits (unpledged portion)	**–**	2,213,839	**–**	–
Fixed deposits (pledged portion)	**9,177,749**	9,871,214	**–**	–
	19,149,974	27,554,890	**68,036**	249,880
Less: Pledged cash at bank and fixed deposits	**(9,177,749)**	(12,251,879)		
Cash and cash equivalents as per consolidated statement of cash flows	**9,972,225**	15,303,011		

Group

At the end of the reporting period, fixed deposits mature within 1 to 154 days (2012: 4 to 178 days) from the end of the reporting period, and have effective interest rates of 0.01% to 3.08% per annum (2012: 0.01% to 4.50% per annum).

The Group has pledged its fixed deposits and certain cash at bank to banks for banking facilities granted (Note 22).

The cash at bank at the end of the reporting period generally earns interest at rate of 0.0001% to 0.50% per annum (2012: 0.0001% to 0.50% per annum).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

21. Cash and bank balances (Continued)

Group (Continued)

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

	Group		Company	
	2013	2012	**2013**	2012
	US$	US$	**US$**	US$
Australian Dollars	**3,421**	3,472	**–**	–
Brazilian Real	**–**	799	**–**	–
RMB	**2,991**	5,312	**–**	–
Euro	**3,099**	96,041	**–**	–
HKD	**72,849**	240,640	**6,438**	19,911
IDR	**8,363**	12,132	**–**	–
Macau Patacas	**–**	228	**–**	–
SGD	**3,935,890**	5,439,441	**33,889**	200,041
AED	**1,848**	14,643	**–**	–
USD	**117,707**	4,475,387	**–**	–

22. Borrowings – secured

	Group	
	2013	2012
	US$	US$
Repayable more than one year		
Bank loan	**18,650,000**	5,000,000
Repayable within one year or on demand		
Bank loan	**5,350,000**	–
Working capital loans	**28,474,692**	723,081
Mortgage loan 1	**–**	2,238,635
Mortgage loan 2	**682,156**	734,830
Trade receivables loans	**–**	3,850,436
Trust receipt loans	**2,585,202**	4,003,999
Inventory loan	**8,400,000**	–
	45,492,050	11,550,981
Total borrowings	**64,142,050**	16,550,981

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

22. Borrowings – secured (Continued)

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

	Group	
	2013	2012
	US$	US$
USD	**24,000,000**	8,850,437
HKD	**–**	2,238,635

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 21);
- Pledge of assets (cargo and related proceeds) underlying the financed transactions (Notes 18 and 20);
- Corporate cross guarantees between joint borrowers when appropriate; and
- Corporate guarantees of the Company.

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

22. Borrowings – secured (Continued)

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	
	2013	2012
	US$	US$
Leasehold land and buildings (Note 14)	**8,668,057**	8,888,726
Construction work in progress (Note 14)	**34,561,017**	6,146,402
Inventories (Note 18)	**22,174,929**	4,003,999
Trade and bills receivables (Note 20)	**6,298,406**	16,751,429
Cash at bank and fixed deposits (Note 21)	**9,177,749**	12,251,879
Others#	**41,307,223**	–
	122,187,381	48,042,435

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

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

	Group	
	2013	2012
	%	%
Bank loan	**5.30**	5.30
Working capital loans	**6.60**	6.71
Mortgage loan 1	**–**	1.20
Mortgage loan 2	**6.57**	7.05
Trade receivables loans	**–**	2.50
Trust receipt loans	**2.30**	3.35
Inventory loan	**2.58**	–

The bank borrowings as at 30 April 2013 are repayable within 1 year from the end of the reporting period except as follows:

– Bank loan was repayable within 24 months (2012: 24 months) after drawdown date.
– Mortgage loan 2 was repayable in 99 (2012: 111) equal monthly instalments of US$8,967 (2012: US$9,070) each commencing from 22 April 2013 (2012: 21 April 2012).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

23. Deferred income

	Group	
	2013	2012
	US$	US$
Grant-related to assets		
Balance at beginning of year	**199,086**	192,375
Exchange realignment	**1,853**	6,711
Balance at end of year	**200,939**	199,086
Less: Accumulated amortisation		
Balance at beginning of year	**9,019**	4,833
Amortisation for the year (Note 6)	**3,995**	3,958
Exchange realignment	**135**	228
Balance at end of year	**13,149**	9,019
Carrying amount	**187,790**	190,067
Represented by:		
Current liability	**4,046**	4,008
Non-current liability	**183,744**	186,059
	187,790	190,067

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, the PRC. The grant is amortised over the useful lives of the property, plant and equipment which it is subsidising (Note 14).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

24. Trade and other payables

	Group		Company	
	2013 US$	2012 US$	2013 US$	2012 US$
Trade and bills payables	**14,596,544**	13,267,785	**–**	–
Sales deposits received	**382,387**	5,018,669	**–**	–
Accrued operating expenses	**3,489,497**	1,971,601	**115,456**	158,162
Other payables	**3,037,105**	171,621	**100**	2,627
Other payables for property, plant and equipment	**10,808,845**	7,680,588	**–**	–
Balances due to a subsidiary	**–**	–	**187,473**	–
Balances due to a non-controlling shareholder	**314,102**	314,102	**–**	–
	18,031,936	15,156,581	**303,029**	160,789
	32,628,480	28,424,366	**303,029**	160,789

The securities for bills payable are disclosed in Note 22.

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

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

	Group	
	2013 US$	2012 US$
0 to 3 months	**12,115,726**	13,265,898
3 to 6 months	**2,480,818**	–
6 to 12 months	**–**	–
Over 12 months	**–**	1,887
	14,596,544	13,267,785

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

24. Trade and other payables (Continued)

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

	Group		Company	
	2013	2012	**2013**	2012
	US$	US$	**US$**	US$
RMB	**37,517**	–	**–**	–
HKD	**181,178**	107,006	**25,835**	68,109
IDR	**7,212**	931	**–**	–
SGD	**117,878**	142,403	**86,828**	92,681
AED	**9,082**	4,588	**–**	–
USD	**–**	318,457	**–**	–

25. Share capital

	Group		Company	
	No. of ordinary shares	**US$**	**No. of ordinary shares**	**US$**
Balance at 30 April 2012 and 30 April 2013	**170,804,269**	**32,238,531**	**170,804,269**	**108,739,451**

All issued shares are fully paid ordinary shares with no par value.

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

26. Statutory reserve

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

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

27. Other reserve – non-distributable

This represents net gain on disposal of treasury shares.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

28. Dividend paid

	Group	
	2013	2012
	US$	US$
Final tax exempt (one-tier) dividend of 1.0 (2012: 2.0) Singapore cents per share paid in respect of the previous financial year ended	**1,389,103**	2,832,597

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 ended 30 April 2013. 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 2014.

29. Commitments

(a) Capital commitments

Capital commitments not provided for in the consolidated financial statements:

	Group	
	2013	2012
	US$	US$
Expenditure for property, plant and equipment contracted for	**1,923,922**	23,488,874

(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	
	2013	2012
	US$	US$
Not later than one financial year	**80,983**	247,695
Later than one financial year but not later than five financial years	**16,911**	50,215
	97,894	297,910

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

30. 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	
	2013	2012
	US$	US$
Discounted bills with recourse supported by letter of credit	**8,501,462**	–

(b) Guarantees

	Company	
	2013	2012
	US$	US$
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**489,706,525**	538,021,983

The Company has issued corporate guarantees to banks for bank 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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

31. 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 data (unobservable inputs).

The Group and the Company classify its derivative financial instruments (Note 19) 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

The carrying amounts of trade and other receivables, trade and other payables and borrowings 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 end of the reporting period.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

32. Financial instruments

(a) Categories of financial instruments

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

	Group		Company	
	2013	2012	**2013**	2012
	US$	US$	**US$**	US$
Financial assets				
Loans and receivables				
Trade and other receivables	**16,900,140**	22,481,114	**34,410,913**	34,426,754
Cash and bank balances	**19,149,974**	27,554,890	**68,036**	249,880
Total loans and receivables	**36,050,114**	50,036,004	**34,478,949**	34,676,634
Derivative financial instruments	**–**	261,559	**–**	–
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**32,246,093**	23,405,697	**303,029**	160,789
Borrowings	**64,142,050**	16,550,981	**–**	–
Total financial liabilities at amortised cost	**96,388,143**	39,956,678	**303,029**	160,789
Derivative financial instruments	**–**	254,438	**–**	–

(b) Financial risk management

The Group and Company are 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 Company do not apply hedge accounting.

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

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

32. 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 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$489,706,525 (2012: US$538,021,983) 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 89.7% (2012: 65.6%) of the Group's trade and bill receivables were due from 5 major trade receivables.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

32. Financial instruments (Continued)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Exposure to credit risk (Continued)

Analysis of trade and other receivables at the end of the 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 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 20.

Past due and impaired

In 2011, the Group commenced legal proceedings against a related party to claim the amount outstanding from the related party. During the year, the related party was judged to be winding up under the provisions of the Companies Act (Chapter 50). The amount due from the relate party of US$835,477 is written off to profit or loss (Notes 4 and 9).

During the year, the Group wrote off amount of US$1,758,554 due from associated companies as these companies are in the process of deregistration and striking off (Notes 4 and 9).

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

(ii) Liquidity risk

Liquidity risk is the risk that the Group or Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

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

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

32. Financial instruments (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

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

	2013				2012			
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	32,246,093	–	–	32,246,093	23,405,697	–	–	23,405,697
Borrowings	47,221,257	19,658,592	349,730	67,229,579	9,116,127	7,436,863	826,001	17,378,991
	79,467,350	19,658,592	349,730	99,475,672	32,521,824	7,436,863	826,001	40,784,688

	2013				2012			
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	303,029	–	–	303,029	160,789	–	–	160,789
Financial guarantee contracts	489,706,525	–	–	489,706,525	538,021,983	–	–	538,021,983
	490,009,554	–	–	490,009,554	538,182,772	–	–	538,182,772

The carrying amounts of these financial 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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

32. Financial instruments (Continued)

(b) Financial risk management (Continued)

(iii) Interest rate risk

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

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

	Group	
	2013	2012
	US$	US$
Fixed rate instruments		
Financial assets	**8,835,659**	12,085,053
Financial liabilities	**33,523,461**	6,457,911
Variable rate instruments		
Financial assets	**8,651,380**	12,314,973
Financial liabilities	**30,618,589**	10,093,070

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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

32. Financial instruments (Continued)

(b) Financial risk management (Continued)

(iv) Foreign currency risk

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

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

During the 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. There was no outstanding foreign currency contract as at 30 April 2013 (2012: four foreign currency contracts) (Note 19).

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$4,146,000 (2012: US$10,288,000) of cash and bank balances, US$94,000 (2012: US$106,000) of trade and other receivables, US$353,000 (2012: US$573,000) of trade and other payables and US$24,000,000 (2012: US$11,089,000) 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.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

33. Capital management

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

The Group reviews the capital structure from time to time and may make adjustments in light of the changing economic conditions, by adjusting the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowing or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the years ended 30 April 2013 and 2012.

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 2013 and 2012.

	Group	
	2013	2012
	US$	US$
Borrowings	**64,142,050**	16,550,981
Trade and other payables	**32,628,480**	28,424,366
	96,770,530	44,975,347
Less: Cash and cash equivalents	**(9,972,225)**	(15,303,011)
Net debt	**86,798,305**	29,672,336
Total equity attributable to owners of the Company	**50,215,468**	56,919,459
Capital and net debt	**137,013,773**	86,591,795
	2013	2012
	%	%
Gearing ratio	**63**	34

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

34. Segment information

The Group is organised into business units based on its business segments purposes. The reportable segments are trading and tinplate manufacturing which are described below. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(a) Trading

Trading and distribution of a comprehensive product portfolio in the areas of:

i) iron ore;

ii) coal; and

iii) steel products which include semi-finished steel products (such as billets and slabs used for producing deformed steel bars), finished steel products (including long products: such as deformed bars, wire rods, tube, section, angle channels; flat products: such as hot rolled coils and cold rolled coils) and others (such as galvanised steel coils and pre-painted galvanised steel coils).

(b) Tinplate Manufacturing

Manufacturing and trading of tinning line products, including tinplate, tin-free steel and scraps.

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

34. Segment information (Continued)

During the year, the Group reclassifies its business units from products and services to trading and tinplate manufacturing in order to better reflect the development of the Group. Corresponding segment information has been restated. The change has no impact on total reported revenue and profit.

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

Year ended 30 April 2013	Trading	Tinplate manufacturing	Eliminations	Total
	US$	US$	US$	US$
Segment revenue to				
– sales to external customers	274,450,718	9,752,424	–	284,203,142
– intersegment sales	10,187,142	4,806,405	(14,993,547)	–
	284,637,860	14,558,829	(14,993,547)	284,203,142
Segment results	4,184,281	74,432	(544,230)	3,714,483
Other income	1,603,475	905,913	–	2,509,388
Other costs	(10,869,782)	(766,765)	–	(11,636,547)
Finance costs	(670,540)	(253,040)	–	(923,580)
Loss before tax	(5,752,566)	(39,460)	(544,230)	(6,336,256)
Income tax expenses	(13,172)	(8,100)	–	(21,272)
Loss for the year	(5,765,738)	(47,560)	(544,230)	(6,357,528)
Assets and liabilities				
Segment assets	63,443,319	97,122,089	(11,844,102)	148,721,306
Total assets	63,443,319	97,122,089	(11,844,102)	148,721,306
Segment liabilities	12,921,124	95,867,376	(11,824,458)	96,964,042
Total liabilities	12,921,124	95,867,376	(11,824,458)	96,964,042
Other segment information				
Capital expenditure	15,329	30,175,024	–	30,190,353
Depreciation	454,308	127,355	–	581,663
Non-cash items other than depreciation and amortisation	2,954,006	–	–	2,954,006

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

34. Segment information (Continued)

Year ended 30 April 2012	Trading US$ (Restated)	Tinplate manufacturing US$ (Restated)	Total US$ (Restated)
Segment revenue to			
– sales to external customers	327,425,964	392,561	327,818,525
Segment results	5,850,079	11,527	5,861,606
Other income	818,005	899,905	1,717,910
Other costs	(7,766,809)	(968,038)	(8,734,847)
Finance costs	(1,122,384)	(5,252)	(1,127,636)
Share of profit of associated companies	78,758	–	78,758
Loss before tax	(2,142,351)	(61,858)	(2,204,209)
Income tax credit/(expenses)	36,029	(536)	35,493
Loss for the year	(2,106,322)	(62,394)	(2,168,716)
Assets and liabilities			
Segment assets	74,135,487	29,086,752	103,222,239
Investments in associated companies	588,492	–	588,492
Total assets	74,723,979	29,086,752	103,810,731
Segment liabilities	17,206,471	28,220,306	45,426,777
Total liabilities	17,206,471	28,220,306	45,426,777
Other segment information			
Capital expenditure	2,021,919	8,341,910	10,363,829
Depreciation	422,213	70,979	493,192
Non-cash items other than depreciation and amortisation	173,175	–	173,175

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

34. Segment information (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	
		2013	2012	**2013**	2012
	Note	**US$**	US$	**US$**	US$
North Asia	(i)	**180,538,757**	252,521,360	**49,742,314**	19,765,183
South East Asia	(ii)	**103,576,406**	66,678,126	**4,525**	10,492
India and Middle East	(iii)	**–**	–	**–**	1,866
Others	(iv)	**87,979**	8,619,039	**–**	–
		284,203,142	327,818,525	**49,746,839**	19,777,541
Investments in associated companies				**–**	588,492
				49,746,839	20,366,033

Note:

(i) Included the PRC, Hong Kong and Macau, where approximately 57.8% (2012: 70.0%) of the Group's revenue derived from the PRC.

(ii) Included Indonesia, Thailand, Vietnam, Malaysia, Philippines and Singapore, where approximately 28.0% (2012: 19.2%) of the Group's revenue derived from Thailand.

(iii) Included the Republic of India.

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

Information about major customer

Revenue of approximately US$29,818,000 (2012: US$43,493,000) are derived from a single external customer and are attributable to the trading segment (2012: trading segment).

Notes to the Financial Statements (cont'd)

For the Year Ended 30 April 2013

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

For the years ended 30 April 2013 and 2012, 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.

36. Events after the reporting period

During the year, Novo Development Limited, a subsidiary incorporated in Hong Kong, entered into an agreement with an independent third party, Tianjin Bohai Light Industrial Group Co., Ltd. ("**Tianjin Bohai**") for the purpose of disposing 50% equity interest in a subsidiary, Novo Development (Tianjin) Limited ("**NDTJ**") for a consideration of RMB25 million. The agreement is conditional upon approval from the relevant PRC governmental authorities. In January 2013, the Group obtained the approval from the Tianjin Municipal People's Government for the establishment of the joint venture. In May 2013, NDTJ received the business license issued by the Tianjin Municipal Industry and Commerce Administration Bureau that enables NDTJ to engage in steel processing and metal distribution in China, and capital contribution of US$4,285,000 from Tianjin Bohai. Subsequent to the capital injection, the Group's interest in NDTJ is diluted to 50%.

In May 2013, Novo Lamination Limited, a subsidiary incorporated in Hong Kong, entered into an agreement with an independent third party, Laminate Industry Co., Ltd (覆膜工業株式會社) ("**JV Partner**") to form a joint venture company ("**JV Company**") to manufacture, sales and distribute laminated tinplate products, laminated aluminium sheets and related products for food and beverage packaging industry in the PRC. The registered capital of the JV Company shall be RMB25,000,000, based on contributions of 90.1% or RMB22,525,000 by the Group and 9.9% or RMB2,475,000 by the JV Partner.

37. Comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements.

The reclassifications include the following:

	After reclassification US$	Before reclassification US$
Consolidated income statement		
Other income	1,717,910	1,962,243
Other operating income/(expenses)	68,270	(176,063)

38. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 30 April 2013 were authorised for issue in accordance with a resolution of the directors dated 18 July 2013.

Five-Year Summary

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

	2009 US$'000	2010 US$'000	2011 US$'000	2012 US$'000	**2013** **US$'000**
Revenue	523,692	403,023	501,606	327,819	**284,203**
Profit/(loss) attributable to owners of the Company	1,587	11,775	4,521	(1,876)	**(5,578)**
Earnings/(loss) per share (in US cents) (Restated)	1.00	7.61	2.65	(1.10)	**(3.27)**

Assets and Liabilities

	2009 US$'000	2010 US$'000	2011 US$'000	2012 US$'000	**2013** **US$'000**
Non-current assets	1,526	8,088	10,328	20,366	**49,747**
Current assets	58,471	83,220	90,786	83,445	**98,975**
Total assets	59,997	91,308	101,114	103,811	**148,722**
Total liabilities	(19,622)	(30,033)	(38,809)	(45,427)	**(96,964)**
Non-controlling interests	(580)	(1,098)	(1,151)	(1,465)	**(1,542)**
Total equity attributable to owners of the Company	39,795	60,177	61,154	56,919	**50,216**

Statistics of Shareholding

Shareholding Statistics as at 3 July 2013

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 3 July 2013, 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 as at 3 July 2013

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,823	59.69	110,102	0.07
1,000 – 10,000	711	23.28	3,572,985	2.09
10,001 – 1,000,000	514	16.83	24,872,182	14.56
1,000,001 AND ABOVE	6	0.20	142,249,000	83.28
TOTAL:	3,054	100.00	170,804,269	100.00

Statistics of Shareholding

Twenty Largest Shareholders as at 3 July 2013

No.	Name	No. of Shares	%
1.	NEW PAGE INVESTMENTS LIMITED	78,156,250	45.76
2.	HKSCC NOMINEES LIMITED	52,770,750	30.90
3.	YU WING KEUNG DICKY	5,759,031	3.37
4.	CHOW KIN WA	2,468,156	1.45
5.	UOB KAY HIAN PTE LTD	1,611,342	0.94
6.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,483,471	0.87
7.	LAM YEE PAN	832,500	0.49
8.	OCBC SECURITIES PRIVATE LTD	828,305	0.48
9.	DBS VICKERS SECURITIES (S) PTE LTD	570,377	0.33
10.	HG METAL INVESTMENTS PTE. LTD.	500,000	0.29
11.	KUEK SER KHIANG KEITH	426,000	0.25
12.	SURINDER VIR SINGH	417,000	0.24
13.	RAFFLES NOMINEES (PTE) LTD	382,763	0.22
14.	SIM SUAY HWA	375,000	0.22
15.	MAYBANK KIM ENG SECURITIES PTE LTD	360,742	0.21
16.	CHAN SIEW HONG	350,000	0.20
17.	WONG POON THYE	345,000	0.20
18.	NEOCORP INNOVATIONS PTE. LTD. (IN CREDITORS' VOLUNTARY LIQUIDATION)	313,870	0.18
19.	DBS NOMINEES PTE LTD	281,608	0.16
20.	CHEW AH KONG	280,150	0.16
	TOTAL:	148,512,315	86.92

Substantial Shareholders as at 3 July 2013

	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 *(resigned on 8 July 2013)*
Lee Hock Heng
Chong Wai Man
Lau Jeanie

Authorised Representatives

Yu Wing Keung, Dicky
Chow Kin San

Stock Codes

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

www.novogroupltd.com

Registered Office

On or before 9 January 2013:
20 Harbour Drive, #05-01 PSA Vista
Singapore 117612
Tel: (65) 6323 2213
Fax: (65) 6323 2667

Since 10 January 2013:
60 Albert Street
#08-12 OG Albert Complex
Singapore 189969
Tel: (65) 6323 2213
Fax: (65) 6323 2667

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
On or before 23 June 2013:
12th Floor, The Lee Gardens, 33 Hysan Avenue
Causeway Bay, Hong Kong

Since 24 June 2013:
31/F., 148 Electric Road, North Point, Hong Kong

Independent Auditor

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., Hong Kong Branch
BNP Paribas, Hong Kong Branch
Bank of China Ltd., Xinghua Sub-Branch
Bank of Jiangsu Co., Ltd., Jin Qiao Sub-Branch
China Citic Bank International Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Ltd., Xinghua Sub-Branch
Jiangsu Xinhua Rural Commercial Bank Co. Ltd., Daduo Sub-Branch
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, Shenzhen Branch
Shanghai Pudong Development Bank Co. Ltd., Taizhou Branch