

NOVO GROUP LTD. 新源控股有限公司*

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

Annual Report 2014



**For identification purpose only*





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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.

2005

Novo Group Founded

2009

Awarded ISO9001:2008
Certificates

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

2011

Invested in Jiangsu Tinplate
Manufacturing Project



2013

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



Milestone

2008

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



2010

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



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



Corporate Profile



Founded in 2005 and headquartered in Hong Kong, Novo Group Ltd. (SEHK: 1048; SGX: MR8) (the “**Company**”, and, 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.

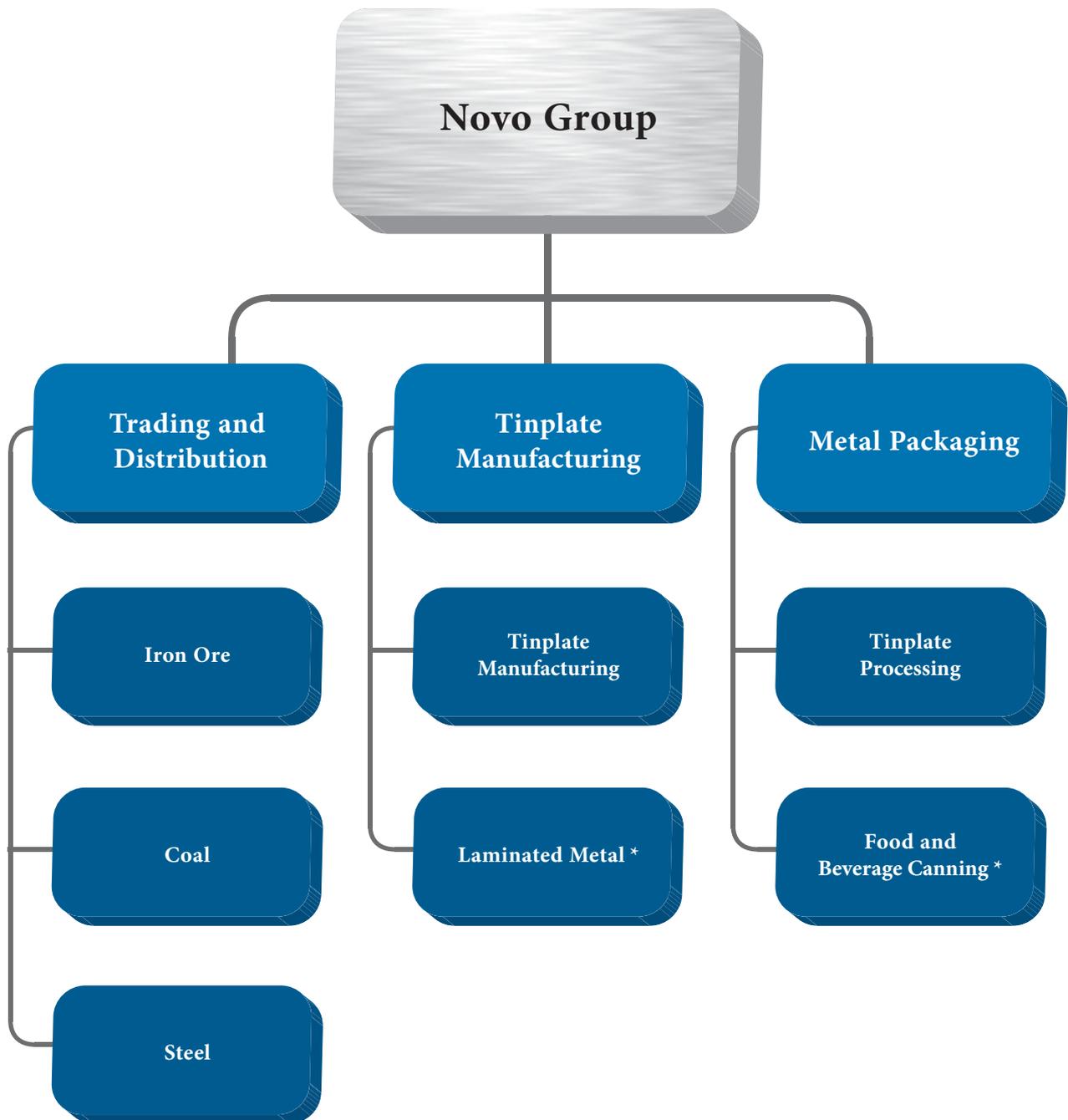
Led by an experienced senior management team with proven track record in the steel and coal industries, Novo has not only expanded its capabilities horizontally in the steel industry value chain but has also grown its market presence to more than 30 countries globally since the establishment. We are 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



* Future development plan

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

Trading and Distribution



HOT ROLLED COILS



BILLETS



TINPLATE



COAL



WIRE RODS



IRON ORE



SLABS



STEEL SCRAP



COLD ROLLED COIL

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.



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

Production Facilities in China

* Future development plan



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



Business in China



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 is 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 wants to advance, and in return sound employee development programs increase both loyalty and productivity. In past years, Novo has implemented various training programs and spent unaccountable resources to enhance employees' capabilities and fill in the need of its employees. To promote greater rapport and team spirit among colleagues, various social and recreation activities were undertaken. To foster quality family life and recognise the important role that both parents play when there is a new birth in the family, male employees are also entitled to paid paternity leave.

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



Chairman's Statement

Dear Shareholders,

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of NOVO GROUP LTD. (the "**Company**", and, together with its subsidiaries, "**Novo**" or the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended 30 April 2014 ("**FY2014**").

FY2014 was a challenging year for the Group. The subdued pace of global economic recovery, the sluggish world-wide steel demand combined with the economic slowdown in China had continued to affect the financial performance of the Group. Novo registered a decrease in revenue of US\$11.2 million or 3.9% to US\$273.0 million for FY2014 from US\$284.2 million for the year ended 30 April 2013. The decrease in revenue was a result of lower sales in the trading segment. The Group continues to be in a healthy cash position with positive cash and cash equivalents of US\$46.8 millions, representing 114.4% of Total Net Assets Value.

Although we are seeing a temporary downturn, we are confident that our financial performance was just held back by momentary global factors, which we do not anticipate a prolonged situation. These challenging backdrops will not deter our relentless focus on the business operations, but will merely spur us on to achieve even more.

In fact, we remain confident about our growth potential, we have nimble and resilient management team with clear visions and roadmap for our sustainable strategies, which has and will continue to be implemented judiciously, decisively and rigorously. While maintaining an unwavering focus on to the sustainability of corporate development, Novo is well positioned to glide into success on the next phase of the journey. During the reporting year, we are beginning to reap the benefits of investing in the metal packaging segment. As previously announced, we continue to see steady progress on the tinplate manufacturing business. In order to keep pace with the rapid development of the food and beverage packaging industry, the Group has actively expanded businesses in both domestic and overseas markets while maintaining quality as the forefront of our strategy. Through such efforts, the Group has built up a credible reputation as a provider of quality tinplate product, developed a foothold among high-end can-makers across the globe. We believe the development of tinplate manufacturing business is still in its early stage with significant untapped market opportunities underpinned by the growing demand in quality metal packaging. We will continue to invest in research and development in tinplate manufacturing segment, focusing our new products on improving quality. We intend to shift our product mix towards food and beverage sectors with a higher profit, so we can make significant improvements in cash flow and overall profitability in medium term. Meanwhile, we will continue to maintain rigorous cost management. The prices of tinplate's raw material, specifically hot rolled coils, have started to decline and will work in favor of our efforts to contain costs. The Group has started to streamline all aspects of our production workflow and optimise to make best use of the available resources, so to ensure that our operation is efficient and prepared to weather the challenging times.



Yu Wing Keung, Dicky
Executive Chairman

Chairman's Statement

Another positive development during the year was the establishment of a joint venture of laminated metal. Complementing our tinplate manufacturing capabilities, the Group has further expanded to laminated metal in FY2014, which has better and wider application plus environmental-friendly packaging material for canned food and beverage in new era. After an extended period of review and negotiations, the Group reached a joint venture agreement with a well-established Japanese partner, Laminate Industry Co., Ltd., with an equity split of 90.1%: 9.9%. The Group intends to leverage on the expertise of the Laminate Industry Co., Ltd. to take advantage of China's growing demand in Fast-Moving Consumer Goods stemming from robust domestic consumption. Laminate Industry Co., Ltd. brings to the joint venture its advanced technology in laminated metal to meet the complex requirements of food and beverage sector. The Group is optimistic about the laminated metal business, we believe that the addition of the laminated metal business will enable the Group to provide a strong foundation for future growth and enhance shareholders' value.

As we head into the new financial year, we will strive to achieve disciplined growth while deliver greater value for shareholders. In order to chart a path towards these goals, we are gearing our efforts to four strategic directions:

1. Adopting a disciplined capital allocation – Prudent approach to capital allocation is critical. We will constantly review capital expenditure plans thoroughly so to manage a balanced project portfolio to mitigate risks and optimise profitability for all existing projects.
2. Intensifying rigorous cost management and improving operational performance – We will continue to focusing on cost reduction while exploring all the opportunities to increase the sales volume of trading business and tinplate products, so to achieve operational efficiency by fully utilize the capacity of the tinplate manufacturing plant.
3. Extending customer base and solidifying customer relationship – We aim to expand customers base with focus on the markets with high growth potential in food and beverage sector, such as Europe, South East Asia, North America and Middle East. We intend to strengthen customer relationship by providing quality products and services and engineering solutions to our customers.
4. Enhancing Research and Development capabilities – We intend to enhance the Research and Development capabilities with the aims to expand our expertise in tinplate production, improving tinplate quality and bolster our manufacturing capabilities by adding high-margin products to the product portfolio. We believe that this could lead to a further improvement in the gross margin and enhance core competence of the Group.

Chairman's Statement

Prospects

Looking forward, the Group anticipates an improved, though very mixed, operating environment for the year ending 2015. In order to respond to the market, we have adjusted our business strategy in accordance with the current state of operation. We aim to maintain our competitive edge through astute expansion, careful strategic planning and vigilant cost control. We have full confidence in the prospects of the Group in the middle term. In the future, the Group will remain focus on its core business. While preparing for market rebound through enhancing the Group's competitiveness, the Group will be staying close with the market and firmly grasp the enormous opportunities brought by burgeoning food and beverage sector to continuously develop the metal packaging operations.



Appreciation

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



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**”, and, together with its subsidiaries, “**Novo**” or the “**Group**”), I am pleased to present to you the annual report of the Group for the year ended 30 April 2014 (“**FY2014**”).

Review of Performance

Revenue

The Group's revenue was approximately US\$273.0 million for FY2014, representing a decrease of approximately 3.9% as compared with approximately US\$284.2 million for the year ended 30 April 2013 (“**FY2013**”).

Revenue from international steel trade business, major business segment, accounted for approximately 64.5% or US\$176.0 million and 71.9% or US\$204.5 million of the Group's total revenue in FY2014 and FY2013, respectively. Revenue from tinplate manufacturing contributed approximately 16.2% or US\$44.2 million in FY2014 while revenue from tinplate processing contributed approximately 11.8% or US\$32.1 million in FY2014. Domestic trade business accounted for approximately 3.5% and 5.3% in FY2014 and FY2013, representing approximately US\$9.8 million and US\$15.0 million in FY2014 and FY2013, respectively. Resulted from the fall of coal products price and soft demand, revenue from the coal segment was approximately US\$10.9 million and US\$12.0 million in FY2014 and FY2013, where accounted for approximately 4.0% and 4.2% of the Group's total revenue in FY2014 and FY2013, respectively.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US\$248.0 million of the Group's total revenue in FY2014, compared to approximately US\$180.5 million in FY2013. North Asia market contributed approximately 90.8% and 63.5% of total revenue in FY2014 and FY2013 respectively. Revenue derived from South East Asia market decreased from approximately US\$103.6 million in FY2013 to approximately US\$11.9 million in FY2014. The South East Asia market accounted for approximately 4.4% and 36.5% of Group's total revenue in FY2014 and FY2013, respectively. Other regions contributed approximately US\$13.1 million or approximately 4.8% of the Group's total revenue in FY2014.

Gross Profit

The Group's gross profit for FY2014 amounted to approximately US\$4.7 million, representing a decrease of approximately 65.2% as compared with approximately US\$13.5 million in FY2013. The Group's gross profit margin decreased from approximately 4.7% in FY2013 to approximately 1.7% in FY2014. The decrease was primarily due to the fluctuation of raw materials costs and pilot production costs incurred by the new Jiangsu tinplate manufacturing plant were recognised in the current reporting year.

Other income

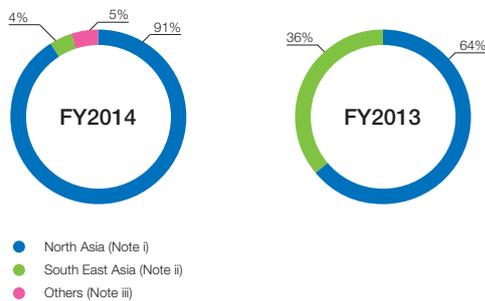
Other income increased from approximately US\$2.5 million in FY2013 to approximately US\$3.3 million in FY2014. Such an increase was mainly arising from increase in approximately US\$0.6 million of government grant and subsidies recorded in FY2014.



Chow Kin Wa
Executive Director and CEO

CEO's Review of Operations

Sales Revenue by Geographical Locations (%)



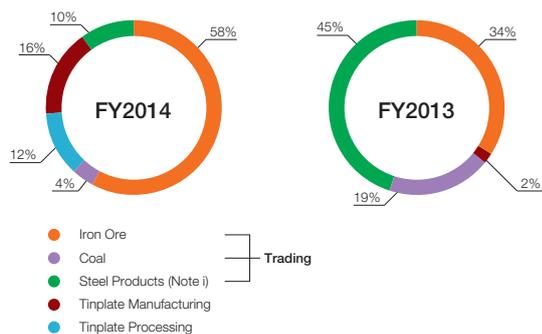
Notes:

(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).

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 45.8% from approximately US\$11.3 million in FY2013 to approximately US\$6.1 million in FY2014, such a decrease was mainly due to the changes of the trading terms in the international trading business, caused by the reciprocal change in gross profit. Freight charges was decreased by approximately 43.0% from approximately US\$7.2 million in FY2013 to approximately US\$4.1 million in FY2014.

Administrative expenses

Administration expenses increased from approximately US\$7.5 million in FY2013 to approximately US\$9.0 million in FY2014. Such an increase was primarily due to the increase in staff costs as a result of new projects

being developed, namely tinplate manufacturing project in Jiangsu and tinplate processing in Tianjin, as well as the expanded management team.

Finance costs

The finance costs were up from US\$0.9 million in FY2013 to approximately US\$5.3 million in FY2014, which was primarily due to increase in working capital of Jiangsu tinplate manufacturing and Tianjin tinplate processing businesses.

Review of Financial Position

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

Property, plant and equipment

Property, plant and equipment increased by approximately US\$26.7 million from approximately US\$46.6 million as at 30 April 2013 to approximately US\$73.3 million as at 30 April 2014. 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 US\$22.1 million in the current reporting year.

Inventories

With implementation of strict inventory control policy to maintain high liquidity of the Group's working capital, inventories held by the Group decreased significantly by approximately US\$8.2 million from approximately US\$24.8 million as at 30 April 2013 to approximately US\$16.6 million as at 30 April 2014.

Trade and other receivables

Trade and other receivables decreased from approximately US\$55.0 million as at 30 April 2013 to approximately US\$40.0 million as at 30 April 2014. Distribution of trade receivables and other receivables were approximately 36.3% (approximately US\$14.5 million) and 63.7% (approximately US\$25.5 million) of total receivables as at 30 April 2014, compared to approximately 16.6% (approximately US\$9.1 million) and 83.4% (approximately US\$45.9 million) of total receivables as at 30 April 2013. The increase of trade and bills receivables as at 30 April 2014 was resulted from higher revenue was recorded near to the end of the reporting year.

CEO's Review of Operations

Trade and other payables

Trade and other payables increased from approximately US\$32.6 million as at 30 April 2013 to approximately US\$71.7 million as at 30 April 2014. Distribution of trade payables and other payables were approximately 80.6% (approximately US\$57.8 million) and 19.4% (approximately US\$13.9 million) of total payables as at 30 April 2014 compared to approximately 44.8% (approximately US\$14.6 million) and 55.2% (US\$18.0 million) of total payables as at 30 April 2013. The increase of trade and other payables was mainly due to the increase of trade and bills payables.

Liquidity and financial resources

The Group's borrowings increased by approximately US\$4.4 million from approximately US\$64.1 million as at 30 April 2013 to approximately US\$68.5 million as at 30 April 2014. Borrowings related to the Jiangsu manufacturing plant increased by approximately US\$5.1 million from approximately US\$43.7 million as at 30 April 2013 to approximately US\$48.8 million as at 30 April 2014, representing approximately 68.2% and 71.2% of total borrowings as at 30 April 2013 and 2014 respectively.

Business Update

Trading business

With the Europe's fundamental economic problems remain unresolved, economy of United States ("US") is still overshadowed by a considerable uncertainty as well as the concerns of ongoing slowdown in Mainland China's economic growth, the Group will continue to expect challenges in the first half of the year ending 2015 ("FY2015"). Nevertheless, there are positive signs that the recovery of the global economy is underway at a modest pace. Europe is emerging from recession steadily, US economy continues its recovery which has a stabilising effect on exports in China, the Group believes these may provide opportunities to steel and raw materials trading business in global market. In the past few months, China's traders and power plants have been trying best to reduce their inventories. The Group believes that after such heavy destocking, the demand of steel and coal products are likely to improve modestly in the first half of FY2015 and range-bound steel and commodity prices are expected. The Group is staying close to the market on such changes and will react positively to capture any lead advantage opportunities.

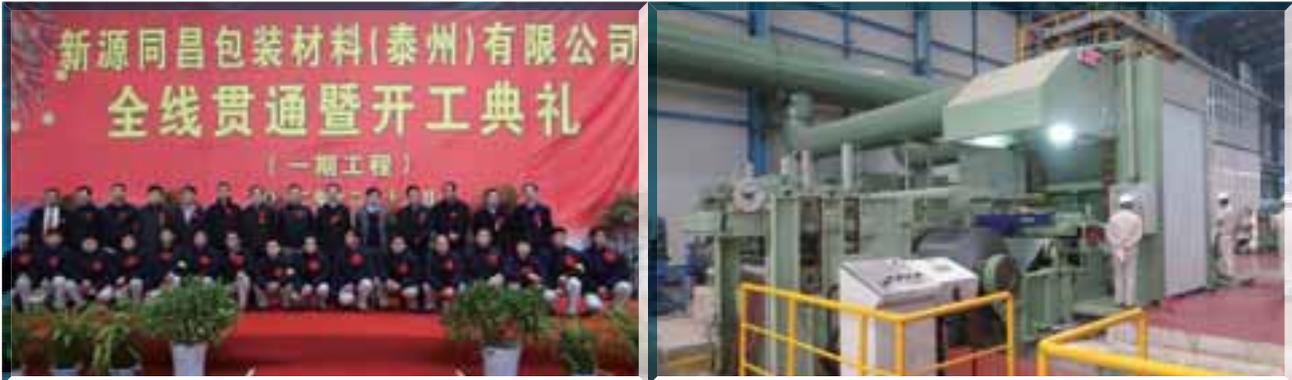
Tinplate manufacturing business

The tinplate manufacturing project in Jiangsu, the key development is the focus on the Group's agenda, continues to progressing on track. Noting that quality is the lifeblood of the corporate's future success, the Group is strongly committed to provide quality tinplate to our customers in food and beverage and premium packaging industry. The Group's commitment to quality has established a positive reputation among metal packaging suppliers. The repeat and continuous



orders from major players in the industry are the best testimony to our credentials. The Group has successfully widened the business base to include food and beverage corporations in China and other Asian countries. Meanwhile, we have broadened our customer base to include world-renowned packaging corporations in Europe, Middle East, South East Asia, South America and North America. The Group will continue to place considerable emphasis on developing business opportunities in these regions, which are expected to experience huge future growth.

CEO's Review of Operations



In the meantime, the Group continues to see good opportunities stemming from the metal packaging industry resulting in the prosperity in the food and beverage sector in the global market. In order to build a higher competitive edge, the Group will continue to focus on implementing cost reduction program and adjusting product profile in order to keep evolving along with the market. With these strategic objectives, the Group is fully confident that the tinplate manufacturing business will be able to boost higher profit margins and further increase the percentage of revenue contribution so as generating sustainable profitable growth for the Group.

Lamination metal project

The capital injection of the Group's subsidiary, Novowell Lamination Technology (Taizhou) Limited ("**Novowell Lamination**"), was completed in February 2014. The Group and the Japanese joint venture partner are holding 90.1% and 9.9% equity interests in Novowell Lamination respectively.

The Group is applying official licenses from various government authorities and once all approval obtained, the construction of project will commence. Meanwhile, planning and design of new plant and equipment are underway. The Group is working tightly with local authorities, construction designers and joint venture partner to ensure the new project will be binding with local environmental regulations and best fitted to market demand. The Group anticipates that the commencement of construction will start soon, with the aim to sustain business growth and become a new profit driver for the Group.



Tinplate processing business

Tianjin Shifa Novo Technology Development Limited (formerly known as Novo Development (Tianjin) Limited) has been progressing well since commencement in the first half of the FY2014. With the core focused market in Northern China, the plant is primarily focusing on serving various food and beverage packaging industry in pursuits of stringent food contact requirements. The opportunities in Northern China, like Shandong province and Tianjin, are particularly attractive as these regions are the manufacturing base for food and beverage in China, where the demand for tinplate processing is expected to grow strongly. The key customer groups are can-makers and food and beverage manufacturers. The Group has customers engaged in long term contract that has a



CEO's Review of Operations

regular demand for quality food and beverage products and services. Those customers include renowned canned tomato puree producers and leading metal can-makers in China. Novo understands the importance of quality products, flexibility and promptness delivery. The Group's marketing team is constantly in-touch with the customers while engineers and technical specialists offer professional advice and engineering solutions. The Group's in-depth product knowledge, service engineering expertise and years of tinline processing experience, enable the Group to respond quickly and accurately to the needs of our customers.

With a view to capture the lucrative business opportunity in the Northern China, the Group is currently evaluating the development and expansion of the processing facilities in Tianjin. It is expected that the expansion of the processing facilities will feature new slitting lines and state-of-the-art metal printing lines that serves the premium metal packaging market with complex requirements. The Group is optimistic for the value added services provided by the new printing lines as it builds up competence close to metal packaging end users while carries higher margins. Through such expansion, the Group will be able to fulfill market demands with a broader range of products and services which will help attract more customers and in turn enhance the market share and profit margins.

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 2014, nor were there material acquisitions and disposal of subsidiaries during FY2014.

Pledge of Assets

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

Foreign Exchange Exposure

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

Contingent Liabilities

The Group's contingent liabilities as at 30 April 2014 are shown in Note 31 to the financial statements.

Liquidity and Financial Resources

As at 30 April 2014, the Group had total cash and cash equivalents of approximately US\$46.8 million (30 April 2013: US\$19.2 million). The gearing ratio, calculated as a percentage of net debt to equity, was 72% (30 April 2013: 61%) as at 30 April 2014. In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future.

Employees and Remuneration Policies

As at 30 April 2014, the Group had a total of 418 (2013: 339) 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 51, 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 47, 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 50, 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.

Independent non-executive Directors

Tang Chi Loong, aged 45, 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 sits on the board of Sinjia Land Limited (formerly known as HLN Technologies Limited), and was 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 49, 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 Singapore Chartered Accountants since 1994. Mr. Foo currently manages a business consultancy firm, Red Dot Consult Pte Ltd and holds directorship in several privately held companies. He was 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 46, 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 50, Chief Financial Officer and Company Secretary, joined the Group in 2011 and resigned on 1 July 2014. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. He oversees the financial and compliance matters of the Group.

Kwan Yee Mui, Tonette, aged 48, 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 52, 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 45, 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 45, 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 34, 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 2014 (the “**Year**”).

Corporate Governance Practices of the Company

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

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

The Company has substantially complied with the principles and guidelines and recommendations in the Singapore CG Code when they are applicable, during the Year.

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

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

The Board’s Conduct of its Affairs

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

Responsibilities

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

The Board is also responsible for:

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

Corporate Governance Report

- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of Directors and appointments of key personnel;
- reviewing and approving of investments, mergers and acquisition and disposal transactions;
- approving annual budgets and major funding proposals;
- assuming responsibility for corporate governance; and
- reviewing the performance of management.

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

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

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

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

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

Corporate Governance Report

Delegation by the Board

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

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

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

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

Board Meetings

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

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 is 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

Training and Continuing Development

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

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. During the Year, the Company has provided to all Directors with updates on the changes and developments in the relevant laws and regulations applicable to the Directors.

Corporate Governance Report

Board Composition and Guidance

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

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

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

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 and Guideline 2.2 of Singapore CG Code relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and independent non-executive Directors are made up at least half of the Board.

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

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

Corporate Governance Report

Executive Chairman and the CEO

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

The 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 and re-appointment of directors to the Board.

The Company adopts a formal and transparent process of appointing new Directors to the Board and ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. In accordance with the Company's Articles of Association, Mr. Chow Kin San and Mr. Tang Chi Loong 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 31 July 2014 contains detailed information of the Directors standing for re-election. Other key information regarding the Directors is set out under "Board of Directors" of this annual report.

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

Name of Directors	Nature of appointment to the Company	Date of first appointment to the Company	Date of last re-election as Director of the Company	Directorship in other listed companies
Yu Wing Keung, Dicky	Executive Chairman	10/03/2008	26/08/2013	-
Chow Kin Wa	Executive Director and CEO	10/03/2008	27/08/2012	-
Chow Kin San	Executive Director	10/03/2008	22/08/2011	-
Tang Chi Loong	Independent non-executive Director	01/07/2009	22/08/2011	Sinjia Land Limited (current) Guangzhao Industrial Forest Biotechnology Group Limited (up to June 2011)
Foo Teck Leong	Independent non-executive Director	01/04/2010	27/08/2012	Guangzhao Industrial Forest Biotechnology Group Limited (up to June 2011)
Tse To Cheung, Lawrence	Independent non-executive Director	19/11/2010	26/08/2013	-

Corporate Governance Report

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

The Nominating Committee comprises 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.

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

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.

Corporate Governance Report

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

Code provision A.4.1 of the HK 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 annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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

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

Corporate Governance Report

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

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

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

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

Corporate Governance Report

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 will seek expert advice on remuneration of all Directors as and when necessary.

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

Level and Mix of Remuneration

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

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

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 2015. 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 2015 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.

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Disclosure on Remuneration

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

Emoluments of Directors

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

	Salary and bonus S\$	Fees S\$	Share option S\$	Allowances and other benefits S\$	Total S\$
S\$250,000 – S\$500,000					
Yu Wing Keung, Dicky	402,061	–	–	2,416	404,477
Chow Kin Wa	321,648	–	–	2,416	324,065
Chow Kin San	309,587	–	–	2,416	312,003
Below S\$250,000					
Tang Chi Loong	–	42,851	–	–	42,851
Foo Teck Leong	–	44,844	–	–	44,844
Tse To Chung, Lawrence	–	28,995	–	–	28,995

Emoluments of Senior Management and top five key executives who are not Directors

For the Year, the Group had the following Senior Management and the top five executives of the Group (who are not Directors) whose emoluments are set out below:

	Salary and bonus %	Share option %	Allowances and other benefits %	Total %
Below S\$250,000				
Chong Wai Man (resigned on 1 July 2014)	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 aggregate total remuneration paid to or accrued to key executives (who are not Directors or CEO) amounted to S\$837,628.

Corporate Governance Report

The Company has adopted a remuneration policy for staff comprising a fixed component (in the form of a base salary) and a variable component, which is in the form of discretionary bonus that is linked to the Company's and the individual's performance. Other element of the variable component is the grant of share options and awards to staff under the incentive schemes (if any). For the Year, the Company neither have any employee option scheme nor other long term employee incentive scheme. In addition, there is no termination, retirement or any post-employment benefits to Directors and key executives.

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

Accountability and Audit

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

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

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

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

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

The 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.

Corporate Governance Report

Risk Management and Internal Control

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

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

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

- the internal controls established and maintained by the Group;
- confirmation by the CEO and Mr. Chow Kin San, being executive Director to assist in overseeing the financial and compliance matter of the Group subsequent to the resignation of Mr. Chong Wai Man on 1 July 2014 ;
- reports issued by the internal and external auditors; and
- annual reviews performed by the management, the Audit Committee and the Board.

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

The management reviews the Group's business and operational activities to identify areas of significant business risks and consider measures to mitigate these risks and report to the Board where necessary.

Corporate Governance Report

Audit Committee

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

The Audit Committee comprises three members, namely, Mr. Foo Teck Leong (Chairman), Mr. Tang Chi Loong and Mr. 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 55 to 56 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	87,802
Tax Advisory Services	7,300
Total	95,102

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.

Corporate Governance Report

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

Whistle-blowing Policy

The Company has in place a whistle-blowing policy to deal with staff for any financial improprieties or management involving the Company. Staff may wish to approach the Executive Chairman or the CEO directly for any complaint or concerns about any suspected fraud or irregularity and possible improprieties in matters of financial reporting or management against any other employees of the Group. The Executive Chairman or the CEO shall then cause a record of all complaints received and report to the Audit Committee on the outcome of any investigations undertaken by them. If the need arises, the Audit Committee will then step in and ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

Employees who wish to report any possible improprieties against the executive Directors and Executive Officers (including any employees related to them) are encouraged to approach the chairman of the Audit Committee directly, whether by fax or email communication, who will within 7 days determine if the report falls within the scope of improper acts targeted by the whistle-blowing arrangement or not.

The written and circulated whistle-blowing policy and procedures also sets out the procedures for raising concerns or making complaints, and the process of investigation.

Internal Audit

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

The 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 are satisfied that there are adequate internal controls in the Company.

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

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

Corporate Governance Report

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

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

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

Details of Directors' attendance records of the AGM held on 26 August 2013 ("AGM 2013") was as follows:-

Members of the Board	AGM 2013 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 the AGM 2013 and were available to answer questions. The chairman of the meeting explained (through the representatives of the scrutineer) the details procedures for conducting the poll at the AGM 2013. The Company's external auditor had attended the AGM 2013 and were available to answer questions.

Code provision A.6.7 of the HK CG Code stipulates that independent non-executive Director should attend general meetings, Mr. Tse To Chung, Lawrence, an independent non-executive Director of the Company could not attend the AGM 2013. However, at the AGM 2013, there were executive Directors and all other independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders.

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.

Corporate Governance Report

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

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

All resolutions in general meetings have been voted by poll pursuant to the HK Listing Rules and the 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.

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

Shareholders' Rights

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

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

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

There is no 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.

Corporate Governance Report

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 (resigned on 1 July 2014) and Ms. Lau Jeanie was/is the primary contact persons of the Company.

Dealings in the Company's Securities

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

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

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

Corporate Governance Report

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.

Material Contracts and Loans

Save as disclosed in note 4 to the financial statements, there were no material contracts and loans of the Company, or any of its subsidiaries involving the interests of the CEO or any Directors or controlling shareholders, during the Year, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

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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 financial year ended 30 April 2014 (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 electrolytic tinplate and related products for metal packaging industry. 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 Associated Companies

Particulars of the Company's principal associated companies and subsidiaries as at 30 April 2014 are set out in Notes 17 and 18 to the financial statements.

Results and Appropriations

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 57 to 132 of this annual report.

The Directors did not recommend the payment of a final dividend for the Year (2013: 1.0 Singapore cent per ordinary share).

Summary of financial information

A summary of the results and assets and liabilities and non-controlling interests of the Group for the last five years ended 30 April, as extracted from the published audited financial statements is set out on page 133 of this annual report.

Property, Plant and Equipment and Land Use Rights

Details of movements in the property, plant and equipment and land use rights of the Company and the Group during the Year are set out in Notes 14 and 15 to the financial statements.

Share Capital

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

Directors' Report

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 2014, the Company's reserves available for distribution amounted to approximately US\$594,253 (2013: US\$2,479,897).

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.

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers accounted for 38% (2013: 41%) of the Group's total sales, purchases from the Group's five largest suppliers accounted for 50% (2013: 39%) of the Group's total purchases and purchases from the largest supplier included therein amounted to 14% (2013: 10%).

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

Directors

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

Executive Directors

Yu Wing Keung, Dicky (*Executive Chairman*)

Chow Kin Wa (*Chief Executive Officer*)

Chow Kin San

Independent non-executive Directors

Tang Chi Loong

Foo Teck Leong

Tse To Chung, Lawrence

In accordance with Article 89 of the Articles of Association of the Company, Mr. Chow Kin San and Mr. Tang Chi Loong shall retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "AGM").

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the 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' Report

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 21 and 22 of this annual report.

Directors' Service Contracts

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

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

Arrangements to Enable Directors to Acquire Shares and Debentures

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' Report

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 30.4.2014	At 1.5.2013	At 30.4.2014	At 1.5.2013
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				
<i>New Page Investments Limited</i>				
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 2014.

(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 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO")), which were required to be notified to the Company and the SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 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:

Directors' Report

Directors' Interests in Shares and Debentures (Continued)

(b) Disclosure under Hong Kong Law (Continued)

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

Name of Directors	Long/Short position	Capacity	Personal interest	Family interest	Number of ordinary shares		Other interest	Total	Approximate percentage of the issued share capital of the Company ^(Note 1)
					Corporate interest				
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 2014, 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 Wing Keung, Dicky is deemed to be interested in all the shares held by New Page Investments Limited.

Save as disclosed above, as at 30 April 2014, none of the Company's Directors and chief executives had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

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

As at 30 April 2014, 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, Taiianna (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
			<u>125,415,281</u>	<u>73.42</u>

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

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 (Continued)

Save as disclosed above, as at 30 April 2014, no person other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Directors' Interests in Competing Business

During the year 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.

Directors' Interests in Contracts and Directors' Contractual Benefits

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

Saved as disclosed in this annual report, 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.

Management contracts

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

Pre-emptive Rights

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

Share Option

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

Directors' 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 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.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 23 to 44 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 2014.

On behalf of the Board

Yu Wing Keung, Dicky

Director

Chow Kin Wa

Director

24 July 2014

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 57 to 132 are properly 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 2014 and 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, after considering the measures taken by the Group with respect to the Group's ability to continue as a going concern as described in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Yu Wing Keung, Dicky

Director

Chow Kin Wa

Director

24 July 2014

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 57 to 132, which comprise the statements of financial position of the Group and Company as at 30 April 2014, 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

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 2014 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.

Emphasis of Matter

We draw attention to Note 2(a) to the financial statements with respect to the Group's ability to continue as a going concern. The Group incurred a net loss of US\$14,450,402 (2013: US\$6,357,528) during the financial year ended 30 April 2014 and as at that date, the Group's current liabilities exceeded its current assets by US\$37,178,442. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. The validity of the going concern basis on which the financial statements are prepared depends on management's assessment of the Group's ability to operate as a going concern as set forth in Note 2(a) to the financial statements. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Our opinion is not modified in respect of this matter.

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

24 July 2014

Consolidated Income Statement

For the Financial Year Ended 30 April 2014

	Note	2014 US\$	2013 US\$
Revenue	5	272,998,225	284,203,142
Cost of sales		(268,303,735)	(270,726,202)
Gross profit		4,694,490	13,476,940
Other income	6	3,326,690	2,509,388
Distribution and selling expenses	7	(6,143,437)	(11,325,612)
Administrative expenses		(9,029,257)	(7,460,779)
Other expenses		(1,962,269)	(2,612,613)
Finance costs	8	(5,291,924)	(923,580)
Loss before tax	9	(14,405,707)	(6,336,256)
Income tax expenses	11	(44,695)	(21,272)
Loss for the financial year		(14,450,402)	(6,357,528)
Attributable to:			
Owners of the Company	12	(13,273,331)	(5,578,029)
Non-controlling interests		(1,177,071)	(779,499)
		(14,450,402)	(6,357,528)
Loss per share (in US cents)			
– Basic	13	(7.77)	(3.27)
– Diluted	13	(7.77)	(3.27)

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 April 2014

	2014 US\$	2013 US\$
Loss for the financial year	(14,450,402)	(6,357,528)
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the Group's foreign operations, net of tax	271,149	293,706
Other comprehensive income for the financial year, net of tax	271,149	293,706
Total comprehensive expenses for the financial year	(14,179,253)	(6,063,822)
Attributable to:		
Owners of the Company	(13,051,458)	(5,314,888)
Non-controlling interests	(1,127,795)	(748,934)
	(14,179,253)	(6,063,822)

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

Statements of Financial Position

As at 30 April 2014

	Note	Group			Company	
		30.4.2014 US\$	30.4.2013 US\$ (restated)	1.5.2012 US\$ (restated)	30.4.2014 US\$	30.4.2013 US\$
Non-current assets						
Property, plant and equipment	14	73,268,248	46,557,865	16,649,011	-	-
Land use rights	15	6,133,301	3,090,848	3,128,530	-	-
Goodwill arising on business combinations	16	3,971	98,126	-	-	-
Investments in associated companies	17	-	-	588,492	-	-
Investments in subsidiaries	18	-	-	-	79,460,123	79,588,337
		79,405,520	49,746,839	20,366,033	79,460,123	79,588,337
Current assets						
Inventories	19	16,570,819	24,830,931	13,664,774	-	-
Derivative financial instruments	20	-	-	261,559	-	-
Trade and other receivables	21	40,003,823	54,987,754	41,918,043	41,270,813	34,466,965
Tax recoverable		-	5,808	45,432	-	-
Cash and cash equivalents	22	46,821,487	19,149,974	27,554,890	114,939	68,036
		103,396,129	98,974,467	83,444,698	41,385,752	34,535,001
Total assets		182,801,649	148,721,306	103,810,731	120,845,875	114,123,338
Non-current liabilities						
Borrowings	23	-	18,650,000	5,000,000	-	-
Deferred income	24	1,310,604	183,744	186,059	-	-
		1,310,604	18,833,744	5,186,059	-	-
Current liabilities						
Trade and other payables	25	71,729,511	32,628,480	28,424,366	8,911,210	303,029
Derivative financial instruments	20	37,028	-	254,438	-	-
Borrowings	23	68,480,285	45,492,050	11,550,981	-	-
Deferred income	24	294,386	4,046	4,008	-	-
Tax payable		33,361	5,722	6,925	-	-
		140,574,571	78,130,298	40,240,718	8,911,210	303,029
Total liabilities		141,885,175	96,964,042	45,426,777	8,911,210	303,029
Net assets		40,916,474	51,757,264	58,383,954	111,934,665	113,820,309
Equity						
Share capital	26	32,238,531	32,238,531	32,238,531	108,739,451	108,739,451
(Accumulated losses)/retained earnings		(190,481)	14,306,837	21,307,450	594,253	2,479,897
Foreign currency translation reserve		1,257,531	1,035,658	772,517	-	-
Statutory reserve	27	33,481	33,481	-	-	-
Other reserves	28	2,680,278	2,600,961	2,600,961	2,600,961	2,600,961
Total equity attributable to owners of the Company		36,019,340	50,215,468	56,919,459	111,934,665	113,820,309
Non-controlling interests		4,897,134	1,541,796	1,464,495	-	-
Total equity		40,916,474	51,757,264	58,383,954	111,934,665	113,820,309

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

Statements of Changes in Equity

For the Financial Year Ended 30 April 2014

Group	Note	Share capital US\$	Retained earnings US\$	Foreign currency translation reserve US\$	Statutory reserve US\$	Other reserves US\$	Total equity attributable to owners of the Company		Total equity US\$
							US\$	Non-controlling interests 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 financial year		-	(5,578,029)	-	-	-	(5,578,029)	(779,499)	(6,357,528)
<i>Other comprehensive income</i>									
Exchange differences on translation of the Group's foreign operations, net of tax		-	-	263,141	-	-	263,141	30,565	293,706
Other comprehensive income for the financial year, net of tax		-	-	263,141	-	-	263,141	30,565	293,706
Total comprehensive (expenses)/ income for the financial year		-	(5,578,029)	263,141	-	-	(5,314,888)	(748,934)	(6,063,822)
<i>Distributions to owners of the Company</i>									
Dividend paid	29	-	(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)
<i>Changes in ownership interests in subsidiaries</i>									
Capital injection by a non-controlling interest		-	-	-	-	-	-	200,000	200,000
Acquisition of subsidiaries		-	-	-	-	-	-	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

Statements of Changes in Equity (cont'd)

For the Financial Year Ended 30 April 2014

Group	Note	Share capital US\$	Retained earnings/ Accumulated losses	Foreign currency translation reserve	Statutory reserve US\$	Other reserves US\$	Total equity attributable to owners of the Company	Non-controlling interests	Total equity US\$
			US\$	US\$			US\$	US\$	
Balance at 1 May 2013		32,238,531	14,306,837	1,035,658	33,481	2,600,961	50,215,468	1,541,796	51,757,264
Transfer to other reserves		-	(79,317)	-	-	79,317	-	-	-
Loss for the financial year		-	(13,273,331)	-	-	-	(13,273,331)	(1,177,071)	(14,450,402)
<i>Other comprehensive income</i>									
Exchange differences on translation of the Group's foreign operations, net of tax		-	-	221,873	-	-	221,873	49,276	271,149
Other comprehensive income for the financial year, net of tax		-	-	221,873	-	-	221,873	49,276	271,149
Total comprehensive (expenses)/ income for the financial year		-	(13,273,331)	221,873	-	-	(13,051,458)	(1,127,795)	(14,179,253)
<i>Distributions to owners of the Company</i>									
Dividend paid	29	-	(1,352,590)	-	-	-	(1,352,590)	-	(1,352,590)
Total distributions to owners of the Company		-	(1,352,590)	-	-	-	(1,352,590)	-	(1,352,590)
<i>Changes in ownership interests in subsidiaries</i>									
Changes in ownership interest in subsidiaries that do not result in loss of control	18(b)	-	207,920	-	-	-	207,920	4,483,133	4,691,053
Total changes in ownership interests in subsidiaries		-	207,920	-	-	-	207,920	4,483,133	4,691,053
Total transactions with owners of the Company recognised directly in equity		-	(1,144,670)	-	-	-	(1,144,670)	4,483,133	3,338,463
Balance at 30 April 2014		32,238,531	(190,481)	1,257,531	33,481	2,680,278	36,019,340	4,897,134	40,916,474

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

Statements of Changes in Equity (cont'd)

For the Financial Year Ended 30 April 2014

Company	Note	Share capital US\$	Retained earnings US\$	Other reserve US\$	Total equity US\$
Balance at 1 May 2012		108,739,451	2,790,922	2,600,961	114,131,334
Profit for the financial year		–	1,078,078	–	1,078,078
<i>Distributions to owners of the Company</i>					
Dividend paid	29	–	(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
Loss for the financial year		–	(533,054)	–	(533,054)
<i>Distributions to owners of the Company</i>					
Dividend paid	29	–	(1,352,590)	–	(1,352,590)
Total distributions to owners of the Company		–	(1,352,590)	–	(1,352,590)
Total transactions with owners of the Company recognised directly in equity		–	(1,352,590)	–	(1,352,590)
Balance at 30 April 2014		108,739,451	594,253	2,600,961	111,934,665

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 April 2014

	Note	2014 US\$	2013 US\$ (Restated)
Cash flows from operating activities			
Loss before tax		(14,405,707)	(6,336,256)
Adjustments for:			
Amortisation of deferred income	6	(174,707)	(3,995)
Amortisation of land use rights	9	89,335	65,956
Depreciation of property, plant and equipment	9	1,521,052	515,707
Fair value loss on derivative financial instruments	9	37,028	7,120
Impairment of goodwill	9	94,155	–
Interest expenses		4,730,909	574,100
Interest income	6	(396,420)	(317,706)
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	51	215,117
Net realised loss on derivative financial instruments	9	195,850	170,598
Written down of inventories	9	616,432	–
Written off of amounts due from associated companies	9	–	1,758,554
Written off of inventories	9	277,136	–
Written off of property, plant and equipment	9	–	41,303
Written off of receivables	9	313,733	835,477
Operating cash flows before movements in working capital		(7,101,153)	(2,373,595)
Inventories		7,366,543	(11,166,157)
Trade and other receivables		(6,725,627)	(177,029)
Trade and other payables		45,781,116	1,110,540
Currency translation differences		3,172	(234,903)
Cash generated from/(used in) operations		39,324,051	(12,841,144)
Income tax (paid)/refunded, net		(8,877)	16,306
Interest income received		396,420	317,706
Net cash generated from/(used in) operating activities		39,711,594	(12,507,132)
Cash flows from investing activities			
Acquisition of land use rights	15	(3,070,952)	(10,979)
Acquisition of subsidiaries, net of cash acquired		–	337,624
Net cash paid for realised derivative financial instruments		(195,850)	(170,598)
Proceeds from disposal of an associated company		–	490,000
Proceeds from disposal of intangible assets		–	18,370
Proceeds from disposal of property, plant and equipment		53,462	190,772
Purchase of intangible asset		–	(20,308)
Purchase of property, plant and equipment	A	(10,624,261)	(41,304,297)
Net cash used in investing activities		(13,837,601)	(40,469,416)

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

Consolidated Statement of Cash Flows (cont'd)

For the Financial Year Ended 30 April 2014

	Note	2014 US\$	2013 US\$ (Restated)
Cash flows from financing activities			
Capital injection by non-controlling interests	18(b)	4,691,053	200,000
Dividend paid	29	(1,352,590)	(1,389,103)
Drawdown of bank borrowings		1,960,000	14,445,480
(Increase)/decrease in pledged deposits		(24,863,491)	3,074,130
Interest expenses paid	8	(5,702,316)	(1,756,690)
Net proceeds from short term borrowings		5,026,483	36,051,078
Repayment of bank borrowings		(2,834,382)	(3,015,202)
Net cash (used in)/generated from financing activities		(23,075,243)	47,609,693
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the financial year		9,972,225	15,303,011
Effect of currency translation on cash and cash equivalents		9,272	36,069
Cash and cash equivalents at end of the financial year	22	12,780,247	9,972,225
Note A-Purchase of property, plant and equipment ("PPE")			
Aggregate cost of PPE acquired	14	27,906,822	30,179,374
Less: Finance costs capitalised	8	(971,407)	(1,182,590)
		26,935,415	28,996,784
Less: Advance payment for PPE at 1 May	21	(22,706,738)	(7,270,968)
Add: Advance payment for PPE at 30 April	21	1,310,913	22,706,738
Add: Payables for PPE at 1 May	25	10,808,845	7,680,588
Less: Payables for PPE at 30 April	25	(5,724,174)	(10,808,845)
Net cash outflow for purchase of PPE		10,624,261	41,304,297

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

Notes to the Financial Statements

For the Financial Year Ended 30 April 2014

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 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 (“**HK**”).

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

2. Summary of significant accounting policies

(a) Going concern

The Group incurred a net loss of US\$14,450,402 (2013: US\$6,357,528) during the financial year ended 30 April 2014 and as at that date, the Group’s current liabilities exceeded its current assets by US\$37,178,442. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern.

At 30 April 2014, the Group has breached certain banks’ financial covenants as disclosed in Note 23. However, the bank has granted waiver retrospective to its financial year ended 30 April 2014 in relation to the breach of financial covenants subsequent to the reporting period and has not requested for any immediate repayment up to the date of waiver letter, which is 18 July 2014. Due to these breaches of financial covenants, the outstanding non-current bank loan amounting to US\$22,750,000 is presented under current liabilities on the statement of financial position as at 30 April 2014.

The financial statements have been prepared on a going concern basis as the Directors are satisfied that:

- (i) the continuing financial support from the holding company to procure the necessary finance and support for a period of not less than twelve months from the end of the reporting period;
- (ii) the banking facilities from its bankers for its working capital requirements for the next twelve months will be available as and when required; and
- (iii) the Group is able to generate sufficient cash flows from its operations to meet its current and future obligations.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(a) Going concern (Continued)

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

- (i) Source for new customers and held discussions with the Group's major customers to seek higher sales volume and negotiate for better prices. Management believes that the selling prices for the Group's products are gradually improving; and
- (ii) Continuously seeking improvements in the production efficiency of the Group's production facilities through technological enhancements and system re-engineering in order to further reduce the costs of production.

Subsequent to the end of the reporting period, the Group has also successfully obtained an import and export credit facility of up to US\$12 million from a strategic partner to facilitate the working capital requirement of the Group. The strategic partner has agreed for not demanding repayment of this amount within 12 months from the end of reporting period.

After considering the measures taken described above, the Group believes that it has adequate resources to continue its operations as a going concern. For these reasons, the Group continues to adopt the going concern assumption in the preparation of the financial statements.

The financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

(b) Basis of preparation

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(b) Basis of preparation (Continued)

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

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

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 April 2014 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

FRS 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 will apply FRS 110 from 1 May 2014, but this is not expected to have any significant impact on the financial statements of the Group.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(b) Basis of preparation (Continued)

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 from 1 May 2014.

(c) Revenue

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 Group, and the amount of revenue and related cost can be reliably measured.

Sales of goods

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

Interest income

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

(d) Subsidiaries

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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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(g). 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 this results in the non-controlling interests having a deficit balance.

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(e) Basis of consolidation (Continued)

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.

(f) 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 associated company.

Upon loss of significant influence over the associated company, 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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(g) 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 associated company is described in Note 2(f).

(h) 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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(h) Property, plant and equipment (Continued)

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	20 to 50 years
Plant and machinery	5 to 35 years
Furniture, fixtures and computer equipment	3 to 20 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.

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.

(i) Land use rights

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

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

(j) Impairment of non-financial assets excluding goodwill

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(j) Impairment of non-financial assets excluding goodwill (Continued)

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.

(k) Inventories

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

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

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

(l) 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 Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(l) 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.

(m) Income taxes

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries 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 is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(n) 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.

Financial assets, at fair value through profit or loss

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

Loans and receivables

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

(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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(n) 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.

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 Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(o) Cash and cash equivalents

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

(p) Financial liabilities

Financial liabilities include trade and other payables (excluding sales deposits received), borrowings and derivative financial instruments.

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.

(q) 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.

(r) Derivative financial instruments

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(s) 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.

(t) 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.

(u) Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(v) 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.

(w) Employee benefits

Employee leave entitlement

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

Defined contribution plans

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

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(x) 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.

(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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

2. Summary of significant accounting policies (Continued)

(y) Dividend

Interim dividends are recorded during the financial 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.

(z) 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.

(aa) 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.

(bb) 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.

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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

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

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 2014 was US\$73,268,248 (2013: US\$46,557,865).

(ii) *Impairment of investments in subsidiaries*

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets (other than goodwill) are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. 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 carrying amount of investments in subsidiaries is disclosed in Note 18.

(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 2014 was US\$33,361 (2013: US\$5,722) and US\$ Nil (2013: US\$5,808), respectively.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

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 financial year on terms agreed by the parties concerned:

		Group	
		2014	2013
		US\$	US\$
Office rental paid to a related party	(i)	117,231	117,231
Warehouse rental charges paid to a related party	(ii)	–	52,266
Sales of goods to related parties	(iii)	–	32,352
Purchases of goods from related parties	(iii)	–	32,431
Handling fees 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 amount due from a related party	(viii)	–	835,477
Written off of amounts due from associated companies	(ix)	–	1,758,554

- (i) Office rental expenses paid to a related party, Jackful Investment Limited, on a fixed fee mutually agreed and charged on monthly basis since 2007. Mr. Yu Wing Keung, Dicky (a director of the Company) and his spouse Ms. Ma Sau Ching, Taiianna beneficially owned as to the entire issued share capital of Jackful Investment Limited.
- (ii) Warehouse rental 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 a related party for issuance of sales and purchases 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.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

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 financial year on terms agreed by the parties concerned (Continued):

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

(viii) Written off of outstanding balance due from a related party.

(ix) Written off of amounts due from associated companies who had been dissolved during the financial year.

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	
	2014 US\$	2013 US\$
Directors' fee	92,873	93,948
Salaries and bonuses	1,466,543	1,381,203
Contributions to defined contribution plans	28,294	26,177
	1,587,710	1,501,328
Comprise amounts paid to:		
– Directors of the Company	921,042	922,021
– Other key management personnel	666,668	579,307
	1,587,710	1,501,328

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

5. Revenue

	Group	
	2014 US\$	2013 US\$ (restated)
Sales of goods:		
– Sales of iron ore, coal and steel products	196,770,397	274,450,717
– Tinplate manufacturing	44,151,295	9,752,425
– Tinplate processing	32,076,533	–
	272,998,225	284,203,142

6. Other income

	Group	
	2014 US\$	2013 US\$
Amortisation of deferred income (Note 24)	174,707	3,995
Bank interest income	396,420	317,706
Demurrage income	389,391	203,755
Freight income	542,642	–
Government grants [#]	1,191,787	554,234
Net compensation received ^{##}	380,888	1,112,563
Rental income	–	31,819
Sundry income	250,855	172,631
Transportation income	–	112,685
Total	3,326,690	2,509,388

[#] Subsidiaries incorporated in the PRC received one-off cash incentive from the government of the People's Government of Daduo, Xing Hua Shi, the PRC as an appreciation of project contribution. The grants are recognised as income upon receipt.

^{##} 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 Financial Year Ended 30 April 2014

7. Distribution and selling expenses

	Group	
	2014 US\$	2013 US\$
Compensation	64,724	98,325
Distribution agency fees	1,495,182	2,609,753
Freight charges	4,056,910	7,152,704
Freight insurance	72,954	127,299
Inspection fees	67,670	251,536
Letter of credit agency fees	–	123,325
Port handling charges	250,299	554,886
Shipping handling charges	91,236	154,610
Transportation charges	–	93,420
Warehouse charges	43,938	53,798
Others	524	105,956
	6,143,437	11,325,612

8. Finance costs

	Group	
	2014 US\$	2013 US\$
Bank charges	561,015	349,480
Interest on bank borrowings	5,702,316	1,756,690
	6,263,331	2,106,170
Less: Finance costs capitalised into construction in progress (Note 14)	(971,407)	(1,182,590)
	5,291,924	923,580

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

9. Loss before tax

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

	Group	
	2014 US\$	2013 US\$ (Restated)
Audit fees paid to:		
– auditor of the Company	87,802	95,948
– other auditors*	104,860	62,323
Non-audit fees paid to:		
– auditor of the Company	7,300	8,100
– other auditors*	52	2,160
Amortisation of land use rights (Note 15)	89,335	65,956
Depreciation of property, plant and equipment (Note 14)	1,521,052	515,707
Fair value loss on derivative financial instruments	37,028	7,120
Impairment of goodwill (Note 16)	94,155	–
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	51	215,117
Material costs recognised as an expense in cost of sales	259,366,997	269,565,716
Net exchange gains	(67,983)	(471,636)
Net realised loss on derivative financial instruments	195,850	170,598
Pre-operating expenses	432	991
Rental expenses	303,574	285,018
Staff costs (Note 10)	5,195,096	4,219,659
Written down of inventories	616,432	–
Written off of amounts due from associated companies	–	1,758,554
Written off of inventories	277,136	–
Written off of property, plant and equipment	–	41,303
Written off of receivables	313,733	835,477

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

10. Staff costs

	Group	
	2014	2013
	US\$	US\$
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	4,934,207	4,051,997
– Contributions to defined contribution plans	260,889	167,662
	5,195,096	4,219,659

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

	Group	
	2014	2013
	US\$	US\$
Tang Chi Loong	34,105	34,630
Foo Teck Leong	35,691	36,241
Tse To Chung, Lawrence	23,077	23,077
	92,873	93,948

There were no other emoluments payable to the independent non-executive Directors during the financial years ended 30 April 2014 and 2013.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

10. Staff costs (Continued)

(b) Remuneration of executive Directors

	Fees US\$	Salaries and benefits in-kind US\$	Defined contribution plans US\$	Total remuneration US\$
Group 2014				
Yu Wing Keung, Dicky	–	320,000	1,923	321,923
Chow Kin Wa	–	256,000	1,923	257,923
Chow Kin San	–	246,400	1,923	248,323
	–	822,400	5,769	828,169
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

There were no arrangements under which a Director waived or agreed to waive any remuneration during the financial years ended 30 April 2014 and 2013.

During the financial years ended 30 April 2014 and 2013, 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 Financial Year Ended 30 April 2014

10. Staff costs (Continued)

(c) Five highest paid employees

The five highest paid employees in the Group for the financial year included three (2013: three) Directors, details of whose remuneration are set out in Note 10(b) above. Details of the remaining two (2013: two) non-directors highest paid employees for the financial year are as follows:

	Group	
	2014	2013
	US\$	US\$
Salaries and bonus	440,310	243,046
Contributions to defined contribution plans	11,734	12,756
	452,044	255,802

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

	Group	
	2014	2013
Over HKD2,000,000	1	–
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
	2	2

During the financial years ended 30 April 2014 and 2013, 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 Financial Year Ended 30 April 2014

11. Income tax expenses

Income tax expenses attributable to loss is made up of:

	Group	
	2014 US\$	2013 US\$
Current tax – SG (Over)/under provision in prior years	(3,942)	8,532
Current tax – HK Under provision in prior years	–	7
Current tax – Others Provision for the financial year	48,953	15,701
Over provision in prior years	(316)	(2,968)
	44,695	21,272

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

	Group	
	2014 US\$	2013 US\$
Loss before tax	(14,405,707)	(6,336,256)
Tax at the domestic rates applicable to profits/(losses) in the countries where the Group operates	(2,311,680)	(920,359)
Expenses not deductible for tax purpose	129,723	601,581
Income not subject to tax	(266,604)	(283,143)
Deferred tax assets not recognised	2,492,700	677,807
(Over)/under provision of tax in prior years	(4,258)	5,571
Utilisation of previously unrecognised tax losses	–	(34,061)
Others	4,814	(26,124)
Income tax expenses	44,695	21,272

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

11. Income tax (Continued)

No provision for Singapore income tax has been made as the Group has no assessable profits for the financial years ended 30 April 2014 and 2013.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the financial years ended 30 April 2014 and 2013.

Taxes on profits assessable in the PRC has been calculated at 25% (2013: 25%) for the financial years ended 30 April 2014 and 2013.

Pursuant to the rules and regulations of the British Virgin Islands ("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\$18,478,000 (2013: US\$6,718,000) 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\$3,814,000 (2013: US\$1,340,000) 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. Loss attributable to owners of the Company

The consolidated loss attributable to owners of the Company for the financial year ended 30 April 2014 includes a loss of US\$533,054 (2013: profit of US\$1,078,078) 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 financial year attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the financial years ended 30 April 2014 and 2013.

	Group	
	2014	2013
	US\$	US\$
Loss attributable to owners of the Company	(13,273,331)	(5,578,029)

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

13. Loss per share (Continued)

	Number of ordinary shares	
	2014 '000	2013 '000
Weighted average number of ordinary shares	170,804	170,804

There were no potentially dilutive ordinary shares in existence during the financial years ended 30 April 2014 and 2013 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	Plant and machinery	Furniture, fixtures and computer equipment	Motor vehicles	Renovation	Construction work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
2014							
Cost							
At 1.5.2013	7,420,604	-	339,637	1,078,509	150,329	39,047,662	48,036,741
Additions	-	291,472	103,086	262,939	18,075	27,231,250	27,906,822
Disposals/written off	-	-	-	(265,282)	(4,419)	-	(269,701)
Reclassification	10,708,949	51,892,351	-	-	-	(62,601,300)	-
Exchange realignment	16,447	20,896	6,367	6,919	311	333,907	384,847
At 30.4.2014	18,146,000	52,204,719	449,090	1,083,085	164,296	4,011,519	76,058,709
Accumulated depreciation							
At 1.5.2013	674,761	-	145,373	573,211	85,531	-	1,478,876
Charge for the financial year	477,387	688,005	96,375	234,268	25,017	-	1,521,052
Disposals/written off	-	-	-	(211,769)	(4,419)	-	(216,188)
Exchange realignment	1,170	(1,285)	317	6,451	68	-	6,721
At 30.4.2014	1,153,318	686,720	242,065	602,161	106,197	-	2,790,461
Net carrying value							
At 30.4.2014	16,992,682	51,517,999	207,025	480,924	58,099	4,011,519	73,268,248

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

14. Property, plant and equipment (Continued)

Group	Leasehold land and buildings US\$	Plant and machinery US\$	Furniture, fixtures and computer equipment US\$	Motor vehicles US\$	Renovation US\$	Construction work in progress US\$	Total US\$
2013 (Restated)							
Cost							
At 1.5.2012, as previously stated	10,621,478	–	220,655	962,918	174,693	9,035,042	21,014,786
Amount reclassified	(3,215,745)	–	–	–	–	–	(3,215,745)
As reclassified	7,405,733	–	220,655	962,918	174,693	9,035,042	17,799,041
Acquisition of subsidiaries	–	–	2,677	63,803	53,945	–	120,425
Additions	–	–	141,997	45,181	9,835	29,982,361	30,179,374
Disposals/written off	–	–	(15,608)	–	(88,765)	(549,335)	(653,708)
Exchange realignment	14,871	–	(10,084)	6,607	621	579,594	591,609
At 30.4.2013	7,420,604	–	339,637	1,078,509	150,329	39,047,662	48,036,741
Accumulated depreciation							
At 1.5.2012, as previously stated	549,945	–	94,573	357,988	89,585	145,154	1,237,245
Amount reclassified	(87,215)	–	–	–	–	–	(87,215)
As reclassified	462,730	–	94,573	357,988	89,585	145,154	1,150,030
Acquisition of subsidiaries	–	–	1,225	2,658	10,349	–	14,232
Charge for the financial year	210,397	–	59,788	209,474	36,048	–	515,707
Disposals/written off	–	–	(10,759)	–	(50,603)	(145,154)	(206,516)
Exchange realignment	1,634	–	546	3,091	152	–	5,423
At 30.4.2013	674,761	–	145,373	573,211	85,531	–	1,478,876
Net carrying value							
At 1.5.2012	6,943,003	–	126,082	604,930	85,108	8,889,888	16,649,011
At 30.4.2013	6,745,843	–	194,264	505,298	64,798	39,047,662	46,557,865

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 financial year ended 30 April 2014, the finance costs capitalised as cost of construction work in progress amounted to US\$971,407 (2013: US\$1,182,590). The interest rate used to determine the amount of finance costs eligible for capitalisation was ranged from 5.2% to 5.3% (2013: 5.2% to 5.3%) per annum, which is the effective interest rate of the specific borrowing.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

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 23):

	30.4.2014	Group	
	US\$	30.4.2013	1.5.2012
		US\$	US\$
		(Restated)	(Restated)
Leasehold land and buildings	13,279,716	6,745,843	6,943,003
Construction work in progress	439,549	34,561,017	6,146,402
Plant and machinery	51,244,662	–	–
	64,963,927	41,306,860	13,089,405

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

	30.4.2014	Group	
	US\$	30.4.2013	1.5.2012
		US\$	US\$
		(Restated)	(Restated)
Long leasehold land and building in HK	5,150,078	5,280,747	5,411,419
Long leasehold land and building in Shanghai, the PRC	1,398,483	1,465,096	1,531,584
Long leasehold buildings in Jiangsu, the PRC	6,731,155	–	–
Long leasehold building in Tianjin, the PRC	3,712,966	–	–
	16,992,682	6,745,843	6,943,003

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

15. Land use rights

	Group	
	2014 US\$	2013 US\$ (Restated)
Cost		
At 1 May	3,245,667	3,215,745
Additions during the financial year	3,070,952	10,979
Exchange realignment	62,132	18,943
At 30 April	6,378,751	3,245,667
Accumulated amortisation		
At 1 May	154,819	87,215
Amortisation for the financial year	89,335	65,956
Exchange realignment	1,296	1,648
At 30 April	245,450	154,819
Net carrying amounts		
At 1 May 2012		3,128,530
At 30 April	6,133,301	3,090,848
Amount to be amortised		
– Not later than one financial year	104,191	89,335
– Later than one financial year but not later than five financial years	416,763	357,338
– Later than five financial years	5,612,347	2,644,175
	6,133,301	3,090,848

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

15. Land use rights (Continued)

The details of the land use rights at 30 April 2014 are as follows:

Location	Lease period	Land area (square meters)
Tianjin, the PRC	November 2009 to September 2059	25,000.00
Xinghua City, Jiangsu, the PRC	July 2011 to February 2058	26,669.60
Xinghua City, Jiangsu, the PRC	August 2011 to February 2058	23,288.00
Xinghua City, Jiangsu, the PRC	January 2012 to January 2062	10,019.70
Xinghua City, Jiangsu, the PRC	January 2012 to January 2062	15,655.60
Xinghua City, Jiangsu, the PRC	April 2013 to January 2063	21,673.60
Xinghua City, Jiangsu, the PRC	January 2014 to June 2063	21,677.60
Xinghua City, Jiangsu, the PRC	January 2014 to June 2063	22,534.00
Xinghua City, Jiangsu, the PRC	April 2014 to June 2063	7,998.40
Xinghua City, Jiangsu, the PRC	April 2014 to February 2058	19,632.50

At the end of the reporting period, land use rights of US\$2,708,901 (2013: US\$1,922,214) are pledged to banks for banking facilities granted (Note 23).

16. Goodwill arising on business combinations

	Group	
	2014 US\$	2013 US\$
Balance at beginning of financial year	98,126	–
Acquisition of subsidiaries	–	98,334
Impairment loss charged to profit or loss (Note 9)	(94,155)	–
Exchange realignment	–	(208)
Balance at end of financial year	3,971	98,126

During the financial year, the Group impaired goodwill of US\$94,155 relating to a subsidiary in the PRC whom principal activities are wholesale, import/export of steel products and coal because of unfavourable business performance of this subsidiary. The impairment charged is included within "Administrative Expenses" in the consolidated income statement.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

17. Investments in associated companies

Details of associated companies are as follows:

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	
				2014 %	2013 %
Held by GLOBAL WEALTH TRADING LIMITED					
RICO GROUP LIMITED ^{#(a)}	BVI	US\$100	Investment holding	30	30
NOVOSTAL PTE. LTD. ^{@(b)}	SG	SGD2,000,000	Trading and investment	–	30
Held by RICO GROUP LIMITED					
NOVOSTAL LIMITED ^{@@ (c)}	HK	HKD15,600,000	Trading and investment	–	30

not required to be audited in the country of incorporation

@ audited by CPA Trust PAC

@@ audited by Y.K.Yu & Co

(a) in the process of striking off from the register

(b) struck off from the register during the financial year

(c) deregistered during the financial year

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:

	2014 US\$	2013 US\$
Revenue	–	–
Loss after tax	–	(250,014)
Total assets	–	–
Total liabilities	–	(1,399,930)

At the end of the previous financial year, the Group had not recognised losses for the financial year amounting to US\$444,433 for RICO GROUP LIMITED because the Group's share of losses had exceeded its interests in this associated company. The Group's cumulative share of unrecognised losses at the end of the previous financial year was US\$1,019,979.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

18. Investments in subsidiaries

	Company	
	2014 US\$	2013 US\$
<i>Unquoted equity shares, at cost</i>		
At 1 May	79,588,337	79,588,417
Acquisition of a new subsidiary	1	–
Written off during the financial year	(128,215)	(80)
At 30 April	79,460,123	79,588,337

(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	
				2014 %	2013 %
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 ^{#(e)}	BVI	US\$10	Trading and investment	–	100
Novo Development Limited [#]	BVI	US\$10	Investment holding	100	100
Iron Shipping Limited ^{#(b)}	BVI	US\$10	Shipping brokerage	100	100
Novo Resources Limited ^{***(c)}	HK	HKD1,000,000	Trading and investment	–	100

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

18. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2014 %	2013 %
Held by the Company (Continued)					
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
EAST OASIS TRADING LIMITED ^{@@(d)}	HK	HKD10	Trading	100	–
Held by NOVO COMMODITIES LIMITED					
NOVO COMMODITIES PRIVATE LIMITED [@]	India	Rupee10,00,000	Trading and investment	100	100
Held by GLOBAL WEALTH TRADING LIMITED					
XINGHUA HOLDINGS LIMITED ^{##(e)}	BVI	US\$50,000	Investment holding	–	100
Qiang Hua Trading Limited ^{@@}	HK	HKD10	Trading and investment	100	100
Held by Novo Development Limited					
Novo Development Limited ^{@@}	HK	HKD10	Investment holding	100	100
Held by Qiang Hua Trading Limited					
Qiang Hua (Shanghai) Trading Limited ^{***^AΔ}	The PRC	RMB20,000,000	Trading and investment	80	80
Held by Novo Development Limited & Qiang Hua Trading Limited (in trust of Novo Development Limited)					
TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED (formerly known as NOVO DEVELOPMENT (TIANJIN) LIMITED) ^{^^^f)}	The PRC	US\$8,570,000	Process and sales of steel and metal products	50	100

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

18. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2014 %	2013 %
Held by NOVO OVERSEAS HOLDINGS PTE. LTD.					
Novosteel DMCC****	United Arab Emirates	AED200,000	Trading	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#(e)	BVI	US\$10	Trading and investment	–	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#(e)	BVI	US\$1	Investment holding	–	100
Novo Power Limited@@	HK	HKD10	Investment holding	100	100
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					
NOVO INVESTMENT LIMITED**	HK	HKD10,000	Investment holding	100	100
Held by NOVO INVESTMENT LIMITED					
Qingdao Novo Port Investment Logistic Limited@^Δ	The PRC	RMB6,348,200	Warehousing and wholesaling	100	100
Held by Novo Steel Limited					
Novo Steel (HK) Limited**	HK	HKD1,000,000	Trading and investment	51	51
Held by Novo Shipping Ltd					
EASTERN BULK PTE. LTD.*	SG	SGD1,000,000	Shipping brokerage	(g)	70

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

18. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2014 %	2013 %
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 Hua Qiang (Shanghai) Trading Limited^Δ					
Taizhou Hua Yong Trading Limited ^{****Δ(a)}	The PRC	RMB5,000,000	Trading	80	–
Held by Novo ETP Limited					
Novo ETP Limited ^{@@}	HK	HKD10	Investment holding	100	100
Novo Investment and Development Limited ^{@@}	HK	HKD10	Investment holding	100	100
Novo Lamination Limited ^{@@}	HK	HKD10	Investment holding	100	100
Wah Shun Storage Limited ^{#(a)}	HK	HKD10	Investment holding	100	–
Held by Novo ETP Limited					
Novowell ETP Limited ^{****Δ}	The PRC	US\$17,500,000	Manufacturing, distribution, import and export, technology consultancy and development	95	95
Novowell International Trading (Shanghai) Company Limited ^{****^}	The PRC	US\$1,000,000	Wholesale, import and export	100	100
Held by Novowell ETP Limited^Δ					
Xing Hua City Daduo Sewage Treatment Co., Ltd ^{****Δ(h)}	The PRC	RMB7,000,000	Sewage treatment	–	57
Held by Wah Shun Storage Limited					
Xing Hua City Daduo Sewage Treatment Co., Ltd ^{****Δ(h)}	The PRC	RMB7,000,000	Sewage treatment	57	–

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

18. Investments in subsidiaries (Continued)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2014 %	2013 %
Held by Wah Shun Storage Limited (Continued)					
Wah Shun Storage (Taizhou) Limited ^{##^(a)}	The PRC	US\$199,990	General storage, property service and corporate management consultancy	100	–
Held by Wah Shun Storage (Taizhou) Limited					
Taizhou Hua Yong Storage Limited ^{##^Δ(a)}	The PRC	RMB40,000,000	General storage, property service and corporate management consultancy	100	–
Held by NOVO COAL PTE. LTD.					
Novo Iron Ore Limited ^{^(e)}	BVI	US\$10	Investment holding	–	100
Held by Novo Management Services Limited					
Novo Commodities Limited [#]	Republic of Seychelles	US\$1	Investment holding	100	100
Nova Maritime Limited [#]	Republic of Seychelles	US\$1	Shipping brokerage	100	100
Held by Novo Power Limited					
Guang Dong Yong Peng Import and Export Trading Co., Ltd ^{@^Δ}	The PRC	RMB10,000,000	Wholesale, import and export	51	51
Held by Novo Lamination Limited					
Novowell Lamination Technology (Taizhou) Limited ^{***^Δ(a)}	The PRC	US\$4,100,000	Manufacturing, sales and distribution	90.1	–

* audited by Baker Tilly TFW LLP

** audited by Baker Tilly Hong Kong Limited

*** audited by Baker Tilly China

**** 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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

18. Investments in subsidiaries (Continued)

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

- ## not required to be audited as the company was incorporated during the financial 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
- ^^^^ registered as a partially-owned foreign enterprise under the PRC laws
- Δ unofficial English translation
- (a) incorporated during the financial year
- (b) in the process of striking off from the register
- (c) deregistered during the financial year
- (d) acquired during the financial year
- (e) struck off from the register during the financial year
- (f) during the financial year, the Group's equity interest in TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED (formerly known as NOVO DEVELOPMENT (TIANJIN) LIMITED ("ND(TJ)")) was diluted from 100% to 50%, but the Group continues to control its majority of the board of directors of ND(TJ) and therefore it is still classified as a subsidiary of the Group. The effect of the dilution is disclosed in Note 18(b)
- (g) Oscar Maritime International Ltd., 30% shareholder of EASTERN BULK PTE, LTD. was struck off from the register (the "Struck Off") on 1 January 2014. Before the Struck Off, Novo Shipping Ltd was 70% shareholder of EASTERN BULK PTE. LTD.
- (h) during the financial year, investment in Xing Hua City Dadao Sewage Treatment Co., Ltd was transferred from Novowell ETP Limited to Taizhou Hua Yong Trading Limited, which is held as to 57% in trust for Wah Shun Storage Limited and 3% in trust for a third party.

(b) Acquisition of non-controlling interests without a change of control

- (i) During the financial year, a subsidiary ND(TJ) has received a capital injection of US\$4,285,000 from a non-controlling interest. Subsequent to the said capital injection, the Group's equity interest in ND(TJ) is diluted from 100% to 50%, but the Group continues to control its majority of the board of directors of ND(TJ) and therefore it is still classified as a subsidiary of the Group.
- (ii) During the financial year, a newly incorporated subsidiary, Novowell Lamination Technology (Taizhou) Limited ("NWLTL") received a capital injection of US\$406,053 from a non-controlling interest. Subsequent to the capital injection, the Group's equity interest in NWLTL is diluted from 100% to 90.1%.

The effect of these dilutions on the equity attributable to owners of the Company is summarised as follows:

	US\$
Consideration received from non-controlling interests	4,691,053
Carrying amount of non-controlling interests acquired	(4,483,133)
Increase in equity attributable to owners of the Company	207,920

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

19. Inventories

	Group	
	2014 US\$	2013 US\$
Raw materials	2,291,431	19,476,071
Work-in-progress	2,714,179	2,423,221
Finished goods	11,565,209	2,931,639
	16,570,819	24,830,931

The inventories with carrying amounts of US\$8,580,383 (2013: US\$22,174,929) have been pledged as securities for banking facilities granted to the Group (Note 23).

Raw materials, consumables and changes in finished goods and work-in-progress included as cost of sales amounted to US\$259,366,997 (2013: US\$269,565,716).

20. Derivative financial instruments

	Group			
	2014		2013	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Foreign currency time option contracts	–	37,028	–	–

At 30 April 2014, the Group has the following foreign currency time option contracts denominated in EURO ("EUR"). The Group is obligated to convert any amount up to the notional amount at the contracted exchange rate before the maturity date. The major terms of these contracts were as follows:

Notional amount	Maturity date	Conversion to USD with contracted exchange rate
EUR170,000	4 August 2014	1.3435
EUR138,000	27 August 2014	1.3820
EUR235,950	5 September 2014	1.3600
EUR373,800	3 October 2014	1.3780
EUR603,050	17 October 2014	1.3693
EUR76,500	24 October 2014	1.3670
EUR1,312,000	3 November 2014	1.3770
EUR37,500	24 November 2014	1.3575
EUR168,500	1 December 2014	1.3551
EUR138,000	3 December 2014	1.3690

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

20. Derivative financial instruments (Continued)

In addition, the Group has also entered into the following commodity futures contracts at the end of the reporting period:

	Long exposure		Short exposure	
	Notional amount US\$	Number of contracts	Notional amount US\$	Number of contracts
2014				
Commodity futures contracts	948,910	180	790,027	150

The fair values change for these commodity futures contracts were not significant at the end of the reporting period.

21. Trade and other receivables

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Advance payment to suppliers	11,421,686	13,544,242	–	–
Trade and bills receivables	14,569,053	9,146,025	–	–
	25,990,739	22,690,267	–	–
Dividend receivable from subsidiaries	–	–	–	1,500,000
Deposits	740,792	118,538	–	–
Advance payment for property, plant and equipment	1,310,913	22,706,738	–	–
Temporary payment	1,293	2,944	–	–
Prepayments	1,618,419	1,836,634	22,263	56,052
Other receivables	10,260,472	7,193,145	–	5,735
Balances due from				
– subsidiaries	–	–	41,248,550	32,905,178
– a non-controlling shareholder	81,195	439,488	–	–
	14,013,084	32,297,487	41,270,813	34,466,965
	40,003,823	54,987,754	41,270,813	34,466,965

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

Trade and bills receivables of US\$2,924,791 (2013: US\$6,298,406) are pledged to banks for banking facilities granted (Note 23).

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

21. Trade and other receivables (Continued)

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

	Group	
	2014 US\$	2013 US\$
Current	10,344,094	9,104,594
Less than 1 month past due	2,761,643	41,431
1 to 3 months past due	1,155,697	–
3 to 12 months past due	307,619	–
Amount past due but not impaired	4,224,959	41,431
	14,569,053	9,146,025

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	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Chinese Renminbi (“RMB”)	66,934	46,186	–	–
EUR	377,638	–	–	–
Hong Kong Dollars (“HKD”)	19,190	14,117	16,826	13,320
Indonesian Rupiah (“IDR”)	14,077	17,811	–	–
Singapore Dollars (“SGD”)	8,788	14,191	5,438	5,735
UAE Dirham (“AED”)	2,178	2,179	–	–
	488,805	94,484	22,264	19,055

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

22. Cash and cash equivalents

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Cash on hand and at bank (unpledged portion)	12,480,595	9,972,225	114,939	68,036
Cash at margin accounts (non-restricted)	299,652	–	–	–
Fixed deposits (pledged portion)	34,041,240	9,177,749	–	–
Cash and cash equivalents on the statement of financial position	46,821,487	19,149,974	114,939	68,036
Less: Pledged cash at bank and fixed deposits	(34,041,240)	(9,177,749)		
Cash and cash equivalents as per consolidated statement of cash flows	12,780,247	9,972,225		

Group

At the end of the reporting period, fixed deposits mature within 1 to 154 days (2013: 1 to 154 days) from the end of the reporting period, and have effective interest rates of 0.01% to 3.08% per annum (2013: 0.01% to 3.08% per annum).

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

The Group has pledged its fixed deposits and certain cash at bank to banks for banking facilities granted (Note 23).

The cash at bank at the end of the reporting period generally earns interest at rate of 0.001% to 3.25% per annum (2013: 0.0001% to 0.50% per annum).

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

22. Cash and cash equivalents (Continued)

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

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Australian Dollars	290	3,421	–	–
Sterling Pound	84	–	–	–
RMB	3,386	2,991	–	–
EUR	1,890	3,099	–	–
HKD	110,078	72,849	2,890	6,438
IDR	4,675	8,363	–	–
SGD	1,687,954	3,935,890	109,688	33,889
Philippine Peso ("PHP")	59	–	–	–
AED	361	1,848	–	–
USD	6,714,128	117,707	–	–
	8,522,905	4,146,168	112,578	40,327

23. Borrowings

	Group	
	2014 US\$	2013 US\$
Non-current liabilities		
Bank loan	–	18,650,000
Current liabilities		
Bank loan	24,000,000	5,350,000
Working capital loans	43,856,206	28,474,692
Mortgage loan	624,079	682,156
Trust receipt loans	–	2,585,202
Inventory loan	–	8,400,000
	68,480,285	45,492,050
	68,480,285	64,142,050

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

23. Borrowings (Continued)

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

	Group	
	2014	2013
	US\$	US\$
USD	24,000,000	24,000,000

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 22);
- Pledge of assets (cargo and related proceeds) underlying the financed transactions (Notes 19 and 21);
- Corporate cross guarantees between joint borrowers when appropriate; and
- Corporate guarantees of the Company.

The Group's 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 (Notes 14 and 15);
- Share charge on a subsidiary;
- Floating mortgage; and
- Corporate guarantees of the Company.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

23. Borrowings (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	
	2014 US\$	2013 US\$
Leasehold land and buildings (Note 14)	13,279,716	6,745,843
Construction work in progress (Note 14)	439,549	34,561,017
Plant and machinery (Note 14)	51,244,662	–
Land use rights (Note 15)	2,708,901	1,922,214
Inventories (Note 19)	8,580,383	22,174,929
Trade and bills receivables (Note 21)	2,924,791	6,298,406
Cash at bank and fixed deposits (Note 22)	34,041,240	9,177,749
Others [#]	50,616,319	41,307,223
	163,835,561	122,187,381

[#] 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	
	2014 %	2013 %
Bank loan	5.05	5.30
Working capital loans	5.40	6.60
Mortgage loan	6.55	6.57
Trust receipt loans	–	2.30
Inventory loan	–	2.58

The borrowings as at 30 April 2014 are repayable within 1 financial year from the end of the reporting period except as follows:

- Bank loan was repayable within 24 months from December 2014 (2013: 24 months after drawdown date). At the end of the reporting period, the Group has breached certain financial covenants as described in the subsequent paragraphs. Accordingly, the bank loan is classified under current liabilities.
- Mortgage loan was repayable in 87 (2013: 99) equal monthly instalments of US\$8,967 (2013: US\$8,967) each commencing from 22 April 2014 (2013: 22 April 2013). Notwithstanding to this, the mortgage loan is callable loan therefore, the mortgage loan is classified under current liabilities.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

23. Borrowings – secured (Continued)

Breached of loan covenants

(i) *Bank loan*

The Group's bank loan agreement is subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group breached the financial covenants as required in relation to maintain the required minimum consolidated net worth and minimum consolidated current assets to consolidated current liabilities ratio.

At the end of the reporting period, the Group had drawdown the amount of US\$24 million.

Due to these breaches of the covenants clauses, the bank is contractually entitled to request for immediate repayment of the outstanding loans. The outstanding loans are presented as current liabilities as at 30 April 2014.

Subsequent to the end of the reporting period, the Group obtained waiver letter in relation to the breach of financial covenants from the bank retrospective to its financial year ended 30 April 2014 and the bank has agreed not to demand payment as a consequence of these breaches of covenant clauses at 30 April 2014 up to the date of waiver letter, which is 18 July 2014.

(ii) *Working capital loan*

The Group's loan agreement for certain working capital loans are also subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group breached the financial covenants in relation to maintain minimum consolidated tangible net worth and minimum consolidated working capital.

At the end of the reporting period, the Group had utilised the amount totalling US\$4,880,928 being bills receivables discounted to bank as disclosed in Note 31(a).

Subsequent to the end of the reporting period, the bank has informed the Group that despite of the non-compliance of certain financial covenants, the bank will continue provide credit facilities to the Group to meet its current and future credit requirements, subject to acceptable terms and conditions by the bank and usual vetting of the merits of the relevant requests.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

24. Deferred income

	Group	
	2014 US\$	2013 US\$
Grant-related to assets		
Balance at beginning of the financial year	200,939	199,086
Grant received during the financial year	1,595,476	–
Exchange realignment	(3,990)	1,853
Balance at end of the financial year	1,792,425	200,939
Less: Accumulated amortisation		
Balance at beginning of the financial year	13,149	9,019
Amortisation for the financial year (Note 6)	174,707	3,995
Exchange realignment	(421)	135
Balance at end of the financial year	187,435	13,149
Net carrying value	1,604,990	187,790
<i>Represented by:</i>		
Current liability	294,386	4,046
Non-current liability	1,310,604	183,744
	1,604,990	187,790

Deferred grants represent:

- 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;
- government grant received from Xinghua City Municipal Finance Bureau and Xinghua City Environmental Protection Bureau for financing a water pollution prevention project in Jiangsu, the PRC;
- cash incentive received from Xinghua City Municipal Finance Bureau for financing the purchase of a piece of land in Jiangsu, the PRC; and
- government grant received from Tianjin Economic and Information Technology Commission and Tianjin Finance Bureau to encourage the technology innovation project in Tianjin, the PRC.

These grants are amortised over the useful lives of the property, plant and equipment and land use rights which it is subsidising (Notes 14 and 15).

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

25. Trade and other payables

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Trade and bills payables	12,357,909	4,213,024	–	–
Bills payables to banks	45,436,793	10,383,520	–	–
Trade payables	57,794,702	14,596,544	–	–
Sales deposits received	1,463,820	382,387	–	–
Accrued operating expenses	4,069,019	3,489,497	142,540	115,456
Other payables	2,363,694	3,037,105	3,824	100
Other payables for property, plant and equipment	5,724,174	10,808,845	–	–
Balances due to subsidiaries	–	–	8,764,846	187,473
Balances due to a non-controlling shareholder	314,102	314,102	–	–
	13,934,809	18,031,936	8,911,210	303,029
	71,729,511	32,628,480	8,911,210	303,029

The securities for bills payable are disclosed in Note 23.

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

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

	Group	
	2014 US\$	2013 US\$
0 to 3 months	44,803,502	12,115,726
3 to 6 months	12,991,200	2,480,818
	57,794,702	14,596,544

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

25. 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	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
RMB	401,241	37,517	24,359	–
HKD	274,754	181,178	29,388	25,835
IDR	11,882	7,212	–	–
SGD	131,842	117,878	92,618	86,828
AED	4,520	9,082	–	–
	824,239	352,867	146,365	112,663

26. Share capital

	Group		Company	
	No. of ordinary shares	US\$	No. of ordinary shares	US\$
Balance at 30 April 2013 and 30 April 2014	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.

27. Statutory reserve

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

28. Other reserves – non-distributable

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Net gain on disposal of treasury shares	2,600,961	2,600,961	2,600,961	2,600,961
Capital reserve *	79,317	–	–	–
	2,680,278	2,600,961	2,600,961	2,600,961

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

29. Dividend paid

	Group	
	2014 US\$	2013 US\$
Final tax exempt (one-tier) dividend of 1.0 (2013: 1.0) Singapore cents per share paid in respect of the previous financial year ended	1,352,590	1,389,103

30. Commitments

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2014 US\$	2013 US\$
Expenditure for property, plant and equipment contracted for	15,437,678	1,923,922

(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	
	2014 US\$	2013 US\$
Not later than one financial year	185,856	80,983
Later than one financial year but not later than five financial years	21,309	16,911
	207,165	97,894

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

31. Contingent liabilities

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

(a) Bills discounted with recourse

	Group	
	2014	2013
	US\$	US\$
Discounted bills with recourse supported by letter of credit	4,880,928	8,501,462

(b) Guarantees

	Company	
	2014	2013
	US\$	US\$
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	356,221,400	489,706,525
Amounts utilised by subsidiaries	84,062,799	73,843,414

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

32. Fair value of assets and liabilities

(a) Fair value hierarchy

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

- i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The following table presents the level of fair value hierarchy for liabilities measured at fair value at the end of the reporting period at 30 April 2014:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$

Recurring fair value measurements

2014

Group

Financial liabilities

Derivatives financial instruments

– Foreign currency time option contracts	–	37,028	–	37,028
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The fair values of foreign currency time option contracts at the end of reporting period are referenced to the bank statements provided by the counterparty banks.

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

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of 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 Financial Year Ended 30 April 2014

33. Financial instruments

(a) Categories of financial instruments

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

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Financial assets				
<i>Loans and receivables</i>				
Trade and other receivables	25,652,805	16,900,140	41,248,550	34,410,913
Cash and cash equivalents	46,821,487	19,149,974	114,939	68,036
Total loans and receivables	72,474,292	36,050,114	41,363,489	34,478,949
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	70,265,691	32,246,093	8,911,210	303,029
Borrowings	68,480,285	64,142,050	–	–
Total financial liabilities at amortised cost	138,745,976	96,388,143	8,911,210	303,029
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments	37,028	–	–	–

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Directors review and agree policies and procedures for the management of these risks, which are executed by the Group Treasury. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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 Financial Year Ended 30 April 2014

33. 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 cash equivalents), 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\$84,686,878 (2013: US\$74,525,570) 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 which are regulated and with good credit ratings.

At the end of the reporting period, approximately 88.3% (2013: 89.7%) of the Group's trade and bill receivables were due from 5 major trade receivables.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

33. 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 and a non-controlling shareholder are generally repayable on demand and no impairment loss is anticipated. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions or companies which are regulated and with good credit ratings.

Past due but not impaired

The aged analysis of third parties trade receivables past due but not impaired are disclosed in Note 21.

Past due and impaired

There are no financial assets that are past due and impaired at the end of the reporting period.

(ii) Liquidity risk

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

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

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

33. 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.

Group	2014				2013			
	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	70,265,691	-	-	70,265,691	32,246,093	-	-	32,246,093
Borrowings	47,508,777	24,598,195	244,593	72,351,565	47,221,257	19,658,592	349,730	67,229,579
	117,774,468	24,598,195	244,593	142,617,256	79,467,350	19,658,592	349,730	99,475,672
Company								
Trade and other payables	8,911,210	-	-	8,911,210	303,029	-	-	303,029
Financial guarantee contracts (Note 31(b))	84,062,799	-	-	84,062,799	73,843,414	-	-	73,843,414
	92,974,009	-	-	92,974,009	74,146,443	-	-	74,146,443

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 Financial Year Ended 30 April 2014

33. Financial instruments (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

The table below analyses the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groups based on the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Group Less than 1 year	
	2014 US\$	2013 US\$
Gross - settled currency forwards		
– Receipts	4,124,349	–
– Payments	(4,161,377)	–

(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	
	2014 US\$	2013 US\$
Fixed rate instruments		
Financial assets	34,013,904	8,835,659
Financial liabilities	34,083,576	33,523,461
Variable rate instruments		
Financial assets	12,030,516	8,651,380
Financial liabilities	34,396,709	30,618,589

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 Financial Year Ended 30 April 2014

33. Financial instruments (Continued)

(b) Financial risk management (Continued)

(iv) *Foreign currency risk*

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

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

During the financial year, the Group entered into foreign currency contracts with a number of banks to reduce its exposure to currency fluctuations risk. These derivatives are not accounted for under hedge accounting as the Group currently does not have a formal currency hedging policy. However, the management monitors foreign exchange exposure from time to time and will further consider hedging significant foreign currency exposure should the need arise. Ten foreign currency time option contracts were outstanding as at 30 April 2014 (2013: Nil).

The Group has foreign currency exposure arising mainly from cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. At the end of the reporting period, US\$8,522,905 (2013: US\$4,146,168) of cash and cash equivalents, US\$488,805 (2013: US\$94,484) of trade and other receivables, US\$824,239 (2013: US\$352,867) of trade and other payables and US\$24,000,000 (2013: US\$24,000,000) of borrowings are denominated in non-functional currencies.

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

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

33. Financial instruments (Continued)

(c) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group discounts bills receivables with recourse to banks and these amounts are presented on net basis on the statements of financial position. The bills receivables are supported by the customers' letters of credits and the Group considered the risk of default by the issuing banks are remote. These amounts are disclosed as contingent liabilities (Note 31(a)).

The Group's receivables and liabilities that are off-set are as follows:

Description	Gross carrying amounts US\$	Gross amounts offset on the statement of financial position US\$	Net amounts on the statement of financial position US\$
Group			
2014			
Trade and other receivables	44,884,751	(4,880,928)	40,003,823
Borrowings – current liabilities	(73,361,213)	4,880,928	(68,480,285)
2013			
Trade and other receivables	63,489,216	(8,501,462)	54,987,754
Borrowings – current liabilities	(53,993,692)	8,501,462	(45,492,050)

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

34. Capital management

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

The Group reviews the capital structure from time to time and may make adjustments in light of the changing economic conditions, by adjusting the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowing or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and cash equivalents. Capital represents total equity attributable to owners of the Company.

	Group	
	2014 US\$	2013 US\$
Borrowings	68,480,285	64,142,050
Trade and other payables	71,729,511	32,628,480
	140,209,796	96,770,530
Less: Cash and cash equivalents	(46,821,487)	(19,149,974)
Net debt	93,388,309	77,620,556
Total equity attributable to owners of the Company	36,019,340	50,215,468
Capital and net debt	129,407,649	127,836,024
	2014 %	2013 %
Gearing ratio	72	61

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. Segment information

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

Trading

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

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

Tinplate Manufacturing

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

Tinplate processing

Processing, distribution and sales of tinplate products through variety types of processing (such as slitting, cutting and printing).

During the financial year, the Group has reclassified its business units from trading and tinplate manufacturing to trading, tinplate manufacturing and tinplate processing in order to better reflect the development of the Group. Corresponding segment information has been restated accordingly. The change has no impact on total reportable revenue and loss for the financial year.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. Segment information (Continued)

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

2014	Trading US\$	Tinplate manufacturing US\$	Tinplate processing US\$	Eliminations US\$	Total US\$
Segment revenue to					
– sales to external customers	196,770,397	44,151,295	32,076,533	–	272,998,225
– intersegment sales	35,527,918	32,728,787	10,048,817	(78,305,522)	–
	232,298,315	76,880,082	42,125,350	(78,305,522)	272,998,225
Segment results	1,258,980	(1,945,945)	(181,917)	–	(868,882)
Other income	872,013	2,415,758	38,919	–	3,326,690
Other costs	(7,580,167)	(3,085,825)	(905,599)	–	(11,571,591)
Finance costs	(1,227,171)	(3,013,351)	(1,051,402)	–	(5,291,924)
Loss before tax	(6,676,345)	(5,629,363)	(2,099,999)	–	(14,405,707)
Income tax credit/(expenses)	3,219	(47,914)	–	–	(44,695)
Loss for the financial year	(6,673,126)	(5,677,277)	(2,099,999)	–	(14,450,402)
Assets and liabilities					
Segment assets	147,411,398	142,281,345	45,010,081	(151,901,175)	182,801,649
Segment liabilities	54,164,515	146,107,441	43,567,693	(101,954,474)	141,885,175
Other segment information					
Capital expenditure	161,755	28,556,272	2,259,747	–	30,977,774
Depreciation and amortisation	412,476	1,022,974	174,937	–	1,610,387
Non-cash items other than depreciation and amortisation	350,760	378,682	340,180	–	1,069,622

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. Segment information (Continued)

2013 (Restated)	Trading US\$	Tinplate manufacturing US\$	Tinplate processing US\$	Eliminations US\$	Total 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	1,599,435	905,913	4,040	-	2,509,388
Other costs	(10,053,100)	(1,157,817)	(425,630)	-	(11,636,547)
Finance costs	(670,081)	(253,040)	(459)	-	(923,580)
Loss before tax	(4,939,465)	(430,512)	(422,049)	(544,230)	(6,336,256)
Income tax expenses	(13,172)	(8,100)	-	-	(21,272)
Loss for the financial year	(4,952,637)	(438,612)	(422,049)	(544,230)	(6,357,528)
Assets and liabilities					
Segment assets	166,173,108	97,122,089	4,653,712	(119,227,603)	148,721,306
Segment liabilities	36,416,755	95,867,376	5,440,174	(40,760,263)	96,964,042
Other segment information					
Capital expenditure	1,129	30,176,460	12,764	-	30,190,353
Amortisation and depreciation	425,284	127,355	29,024	-	581,663
Non-cash items other than depreciation and amortisation	2,743,993	-	210,013	-	2,954,006

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

35. Segment information (Continued)

Geographical information

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

	Note	Sales to external customers		Non-current assets	
		2014 US\$	2013 US\$	2014 US\$	2013 US\$
North Asia	(i)	247,962,846	180,538,757	79,370,734	49,742,314
South East Asia	(ii)	11,932,225	103,576,406	34,786	4,525
Others	(iii)	13,103,154	87,979	–	–
		272,998,225	284,203,142	79,405,520	49,746,839

Note:

- (i) Included the PRC, Hong Kong and Macau, where US\$247,896,507 (2013: US\$164,199,680) of the Group's revenue derived from the PRC.
- (ii) Included Indonesia, Thailand, Vietnam, Malaysia, Philippines and Singapore, where US\$7,497,691 (2013: US\$79,438,845) of the Group's revenue derived from Thailand.
- (iii) Included America, Belgium, Italy, Mozambique and Ukraine.

Information about major customer

Revenue of approximately US\$30,978,000 (2013: US\$29,818,000) which amounts to more than 10% of the Group's revenue are derived from a single external customer and are attributable to the trading segment (2013: trading segment).

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

For the financial years ended 30 April 2014 and 2013, there were no material differences between statements of financial position and statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group prepared under FRSs and IFRSs.

Notes to the Financial Statements (cont'd)

For the Financial Year Ended 30 April 2014

37. Comparative figures

Land use rights are the rights to use the land in the PRC. As the risks and rewards incidental to ownership of the land does not transfer to the Group, thus, it is an operating leases under the definition of FRS 17 *Leases*.

During the financial year, the Group reclassified the land use rights separately from property, plant and equipment to better present the nature of assets on the statement of financial position. Comparative figures have also been reclassified to conform with current year's presentation as follows:

	As previously reported US\$	Amount reclassified US\$	As reclassified US\$
Group			
30 April 2013			
Non-current assets			
Property, plant and equipment	49,648,713	(3,090,848)	46,557,865
Land use rights	–	3,090,848	3,090,848
1 May 2012			
Non-current assets			
Property, plant and equipment	19,777,541	(3,128,530)	16,649,011
Land use rights	–	3,128,530	3,128,530

Accordingly, the Group has presented three statements of financial position in the financial statements. Related notes for the three statements of financial position for line items which have been restated have also been presented. Other notes not presented for the statement of financial position at the beginning of the earliest comparative period as they have not been impacted by the restatement.

In addition, the following reclassification has also been made to the prior year's consolidated statement of cash flows to enhance comparability with current year's presentation:

	As previously reported US\$	Amount reclassified US\$	As reclassified US\$
Group			
For the financial year ended 30 April 2013			
Net cash used in operating activities	(24,814,645)	12,307,513	(12,507,132)
Net cash used in investing activities	(28,161,903)	(12,307,513)	(40,469,416)

38. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2014 were authorised for issue in accordance with a resolution of the directors dated 24 July 2014.

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

	2010 US\$'000	2011 US\$'000	2012 US\$'000	2013 US\$'000	2014 US\$'000
Revenue	403,023	501,606	327,819	284,203	272,998
Profit/(loss) attributable to owners of the Company	11,775	4,521	(1,876)	(5,578)	(13,273)
Earnings/(loss) per share (in US cents) (Restated)	7.61	2.65	(1.10)	(3.27)	(7.77)

Assets and Liabilities

	2010 US\$'000	2011 US\$'000	2012 US\$'000	2013 US\$'000	2014 US\$'000
Non-current assets	8,088	10,328	20,366	49,747	79,406
Current assets	83,220	90,786	83,445	98,975	103,396
Total assets	91,308	101,114	103,811	148,722	182,802
Total liabilities	(30,033)	(38,809)	(45,427)	(96,964)	(141,885)
Non-controlling interests	(1,098)	(1,151)	(1,465)	(1,542)	(4,897)
Total equity attributable to owners of the Company	60,177	61,154	56,919	50,216	36,019

Statistics of Shareholding

Shareholding Statistics as at 3 July 2014

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 2014, 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 2014

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,826	61.36	111,921	0.07
1,000 – 10,000	669	22.48	3,373,141	1.97
10,001 – 1,000,000	475	15.96	24,549,707	14.37
1,000,001 AND ABOVE	6	0.20	142,769,500	83.59
TOTAL:	2,976	100.00	170,804,269	100.00

Statistics of Shareholding

Twenty Largest Shareholders as at 3 July 2014

No.	Name	No. of Shares	%
1.	NEW PAGE INVESTMENTS LIMITED	78,156,250	45.76
2.	HKSCC NOMINEES LIMITED	53,752,750	31.47
3.	YU WING KEUNG DICKY	5,759,031	3.37
4.	CHOW KIN WA	2,468,156	1.45
5.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,387,471	0.81
6.	UOB KAY HIAN PRIVATE LIMITED	1,245,842	0.73
7.	LAM YEE PAN	882,500	0.52
8.	CHEW AH KONG	639,150	0.37
9.	KUEK SER KHIANG KEITH	530,000	0.31
10.	LIM CHOON THYE	525,750	0.31
11.	HG METAL INVESTMENTS PTE. LTD.	500,000	0.29
12.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	495,377	0.29
13.	OCBC SECURITIES PRIVATE LTD	492,805	0.29
14.	SURINDER VIR SINGH	417,000	0.24
15.	MAYBANK KIM ENG SECURITIES PTE. LTD.	398,242	0.23
16.	SIM SUAY HWA	375,000	0.22
17.	HO YU JIN CHRISTOPHER	357,000	0.21
18.	CHAN SIEW HONG	350,000	0.20
19.	WONG POON THYE	345,000	0.20
20.	NEOCORP INNOVATIONS PTE LTD (IN CREDITORS' VOLUNTARY LIQUIDATION)	313,870	0.18
TOTAL:		149,391,194	87.45

Substantial Shareholders as at 3 July 2014

	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 (i) 117,143,750 Shares held by New Page Investments Limited as he holds a 70% shareholding interest in New Page Investments Limited; and (ii) 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 (*resigned on 1 July 2014*)
 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

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: Lim Kok Heng
 (Appointed since the year ended 30 April 2014)

Principal Bankers

(Listed in alphabetical order)

ABN AMRO Bank N.V., Hong Kong Branch
 BNP Paribas, Hong Kong Branch
 Bank of China Ltd., Xinghua Sub-Branch
 China CITIC Bank Corporation Limited, Taizhou Branch
 China CITIC Bank Corporation Limited, Xinghua
 Sub-Branch
 China CITIC Bank International Limited
 DBS Bank (Hong Kong) Limited
 Jiangsu Xinghua Rural Commercial Bank Co. Ltd.,
 Daduo Sub-Branch
 Oversea-Chinese Banking Corporation Limited,
 Hong Kong Branch
 Shanghai Commercial Bank Limited, Shenzhen Branch
 Shanghai Pudong Development Bank Co. Ltd.,
 Taizhou Branch
 Shanghai Pudong Development Bank Co. Ltd.,
 Tianjin Branch
 Wei Hai City Commercial Bank, Tianjin He Xi Sub-Branch