NOVO GROUP LTD.
新源控股有限公司*

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

UNAUDITED FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2016

The board (the "Board") of the directors (the "Directors") of Novo Group Ltd. (the "Company") is pleased to announce the unaudited final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2016.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 April 2016

	Note	2016 US$'000 (Unaudited)	2015 US$'000 (Restated)
Continuing operations			
Revenue	3	**101,169**	225,857
Cost of sales		**(99,538)**	(228,831)
Gross profit/(loss)		**1,631**	(2,974)
Other income	5	**2,537**	2,182
Distribution and selling expenses	6	**(1,342)**	(4,018)
Administrative expenses		**(10,740)**	(8,041)
Other operating expenses		**(3,437)**	(1,682)
Finance costs	7	**(4,643)**	(5,672)
Loss before tax	8	**(15,994)**	(20,205)
Income tax expenses	9	**(31)**	(131)
Loss for the financial year from continuing operations	4	**(16,025)**	(20,336)
Discontinued operations			
Loss for the financial year from discontinued operations	10	**(1,853)**	(4,411)
Loss for the financial year		**(17,878)**	(24,747)

	Note	2016 *US$'000* (Unaudited)	2015 *US$'000* (Restated)
Loss for the year attributable to owners of the Company:			
– From continuing operations		**(15,384)**	(19,899)
– From discontinued operations		**(926)**	(2,205)
		(16,310)	(22,104)
Loss for the year attributable to non-controlling interests:			
– From continuing operations		**(641)**	(439)
– From discontinued operations		**(927)**	(2,204)
		(1,568)	(2,643)
Loss for the year		**(17,878)**	(24,747)
Loss per share	*11*		
From continuing and discontinued operations			
Basic and Diluted		**US$(9.55) cents**	US$(12.94) cents
From continuing operations			
Basic and Diluted		**US$(9.00) cents**	US$(11.65) cents
From discontinued operations			
Basic and Diluted		**US$(0.54) cents**	US$(1.29) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2016

	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Restated)
Loss for the year	**(17,878)**	(24,747)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of the Group's overseas operations, net of nil tax	–	208
Other comprehensive income for the financial year, net of tax	–	208
Total comprehensive loss for the financial year	**(17,878)**	(24,539)

Details of the dividend for the year are disclosed in note 12 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2016** ***US$'000*** **(Unaudited)**	2015 *US$'000* (Restated)
Assets and liabilities			
Non-current assets			
Property, plant and equipment		**61,928**	73,131
Land use rights		**4,459**	5,701
Goodwill arising on business combinations		**4**	4
		66,391	78,836
Current assets			
Inventories		**1,326**	3,920
Trade and other receivables	*13*	**18,278**	42,374
Derivative financial instruments		**–**	11
Pledged bank deposits		**169**	32,384
Cash and cash equivalents		**9,602**	1,074
		29,375	79,763
Disposal group assets classified as held for sale		**44,703**	–
		74,078	79,763
Total assets		**140,469**	158,599
Non-current liabilities			
Borrowings	*15*	**26,027**	–
Deferred income		**158**	964
		26,185	964
Current liabilities			
Trade and other payables	*14*	**14,641**	63,451
Deferred income		**529**	310
Borrowings	*15*	**52,926**	77,266
Tax (credit)/payable		**(15)**	76
		68,081	141,103
Liabilities directly associated with disposal group classified as held for sale		**44,124**	–
Total current liabilities		**112,205**	141,103
Total liabilities		**138,390**	142,067
Net assets		**2,079**	16,532
Equity			
Share capital		**32,239**	32,239
Reserves		**(31,389)**	(18,142)
Reserves of disposal group classified as held for sale		**579**	–
Total equity attributable to owners of the Company		**1,429**	14,097
Non-controlling interests		**650**	2,435
Total equity		**2,079**	16,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2016

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 24 Raffles Place, #10-05 Clifford Centre, Singapore 048621. The headquarters and principal place of business of the Group in Hong Kong is at Room Nos. 1102-04 on 11/F., Empire Centre, 68 Mody Road, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in (1) trading and distribution of iron ore, coal and steel products; and (2) manufacturing, sales and distribution of electrolytic tinplates and related products for metal packaging industry.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the SEHK ("Hong Kong Listing Rules") and with Singapore Financial Reporting Standards (which include all Singapore Financial Reporting Standards ("SFRSs") and Interpretations of Singapore Financial Reporting Standard ("INT SFRSs") issued by the Singapore Accounting Standards Council.

These consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments which are stated at their fair values. These consolidated financial statements are presented in United States dollars ("US$") and all values in the tables are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

The adoption of the new and revised SFRSs and INT SFRSs which are effective for the Group's financial statements for the annual period beginning on 1 May 2015 has had no significant financial impact on these consolidated financial statements and there have been no significant changes to the accounting policies applied in these consolidated financial statements as a result of these developments.

The Group has not applied the new and revised SFRSs and INT SFRSs that have been issued but are not yet effective in these consolidated financial statements. The Group has commenced an assessment of the impact of these new and revised SFRSs and INT SFRSs but is not yet in a position to state whether they would significantly impact its results of operations and financial position.

3. REVENUE

	2016	2015
	US$'000	*US$'000*
Sales of goods:		
Continuing Operations		
Sales of iron ore, coal and steel products	**99,105**	193,105
Tinplate manufacturing	**2,064**	32,752
	101,169	225,857
Discontinued operations		
Tinplate processing	**22,899**	22,705
	124,068	248,562

4. 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. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(i) Business segments

The Group has three reportable segments detailed as follows:

Continuing operations

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.

Discontinued operations

Tinplate processing

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

For the year ended 30 April 2016

	Continuing operations				Discontinued operations	
	Trading	Tinplate manufacturing	Eliminations	Sub total	Tinplate processing	Group total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue to						
– sales to external customers	99,105	2,064	–	101,169	22,899	124,068
– intersegment sales	3,420	1,022	(4,442)	–	–	–
	102,525	3,086	(4,442)	101,169	22,899	124,068
Segment results	2,457	(1,097)	271	1,631	(1,858)	(227)
Other income	5,000	–	(2,463)	2,537	5	2,542
Other costs	(18,285)	–	2,766	(15,519)	–	(15,519)
Finance costs	(1,567)	(3,076)	–	(4,643)	–	(4,643)
Loss before tax	12,395	4,173	574	(15,994)	(1,853)	(17,847)
Income tax expenses	(10)	(21)	–	(31)	–	(31)
Net loss for the year	(7,639)	(8,960)	574	(16,025)	(1,853)	(17,878)
As at 30 April 2016						
Assets and liabilities						
Segment assets	176,728	115,192	(196,154)	95,766	44,703	140,469
Segment liabilities	75,266	135,131	(116,130)	94,267	44,123	138,390
Other segment information						
Capital expenditure	–	294	–	294	1,845	2,139
Depreciation and amortisation	317	2,190	–	2,507	277	2,784
Non-cash items other than depreciation and amortisation	10,081	7,569	–	17,650	–	17,650

For the year ended 30 April 2015

	Continuing operations				Discontinued operations	
	Trading	Tinplate manufacturing	Eliminations	Sub Total	Tinplate processing	Group total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment revenue to						
– sales to external customers	193,105	32,752	–	225,857	22,705	248,562
– intersegment sales	56,189	38,371	(94,560)	–	–	–
	249,294	71,123	(94,560)	225,857	22,705	248,562
Segment results	1,385	(5,811)	–	(4,426)	(375)	(4,801)
Other income	906	1,276	–	2,182	40	2,222
Other costs	(8,039)	(4,250)	–	(12,289)	(2,414)	(14,703)
Finance costs	(2,550)	(3,122)	–	(5,672)	(1,661)	(7,333)
Loss before taxation	(8,298)	(11,907)	–	(20,205)	(4,411)	(24,616)
Income tax expenses	(43)	(88)	–	(131)	–	(131)
Loss for the financial year	(8,341)	(11,995)	–	(20,336)	(4,411)	(24,747)
As at 30 April 2015						
Assets and liabilities						
Segment assets	185,444	113,693	(182,790)	116,347	42,251	158,598
Segment liabilities	70,459	129,200	(102,786)	96,873	45,193	142,066
Other segment information						
Capital expenditure	2	3,200	–	3,202	–	3,202
Depreciation and amortisation	367	3,095	–	3,462	418	3,880
Non-cash items other than depreciation and amortisation	1,881	129	–	2,010	1,566	3,576

(ii) Geographical information

The turnover by geographical segments are based on the location of customers regardless of where the goods are produced.

The Group's operations are located in three main geographical areas. The following summary provides an analysis of the Group's sales by geographical markets and non-current assets by geographical markets, irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	2016	2015
	US$'000	*US$'000*
Continued operations		
North Asia *(Note i)*	**90,319**	193,531
South East Asia *(Note ii)*	**1,686**	18,105
Others *(Note iii)*	**9,164**	14,221
	101,169	225,857
Discontinued operations		
North Asia *(Note i)*	**22,899**	22,705
	124,068	248,562

Non-current assets by geographical markets:

	2016	2015
	US$'000	*US$'000*
Continued operations		
North Asia *(Note i)*	**66,388**	73,538
South East Asia *(Note ii)*	**3**	3
	66,391	73,541
Discontinued operations		
North Asia *(Note i)*	**6,218**	5,295
	72,609	78,836

Notes:

(i) Included the People's Republic of China (the "PRC" or "China"), Hong Kong and Macau, where approximately 89.3% (2015: approximately 86.9%) of the Group's revenue derived from the PRC.

(ii) Included Philippines, Singapore, Thailand, Indonesia, Vietnam and Malaysia, where approximately 1.7% (2015: approximately 3.2%) of the Group's revenue derived from Thailand.

(iii) Included America, Australia, Ethiopia, Italy and Salvador, etc.

5. OTHER INCOME

	2016	2015
	US$'000	*US$'000*
Continuing operations		
Amortisation of deferred income	**265**	275
Bank interest income	**47**	721
Demurrage income	**–**	132
Freight income	**143**	273
Government grants	**–**	401
Net Compensation received	**–**	145
Sundry income	**2,082**	235
	2,537	2,182
Discontinued operations		
Amortisation of deferred income	**–**	33
Bank interest income	**5**	7
	5	40
	2,542	2,222

6. DISTRIBUTION AND SELLING EXPENSES

	2016	2015
	US$'000	*US$'000*
Continued operations		
Distribution agency fees	**1,219**	1,426
Freight charges	**76**	2,338
Port handling charges	**24**	43
Others	**23**	211
	1,342	4,018
Discontinued operations		
Freight charges	**–**	151
	1,342	4,169

7. FINANCE COSTS

	2016	2015
	US$'000	*US$'000*
Continued operations		
Bank charges	**488**	597
Interest on bank borrowings	**4,155**	4,991
Interest on other borrowings	**–**	84
	4,643	5,672
Discontinued operations		
Discounted interest on draft	**1,422**	1,661
	6,065	7,333

8. LOSS BEFORE TAX

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

	For the year ended 30 April 2016		
	Continuing operations	**Discontinued operations**	**Total**
	US$'000	***US$'000***	***US$'000***
Audit fees paid to:			
– auditor of the Company	**57**	**–**	**57**
– other auditors	**46**	**–**	**46**
Non-audit fees paid to:			
– auditor of the Company	**1**	**–**	**1**
– other auditors*	**–**	**–**	**–**
Allowance for impairment of other receivables	**882**	**–**	**882**
Amortisation of land use rights	**104**	**–**	**104**
Depreciation of property, plant and equipment	**2,507**	**277**	**2,784**
Loss on disposal and written off of property, plant and equipment	**5**	**–**	**5**
Material costs recognised as an expense in cost of sales	**–**	**–**	**–**
Net foreign exchange loss	**1,489**	**–**	**1,489**
Net realised gain on derivative financial instruments	**(11)**	**–**	**(11)**
Rental expenses	**357**	**–**	**357**
Staff costs (including directors' emoluments)	**4,221**	**441**	**4,662**
Investment in subsidiaries written off	**720**	**–**	**720**

	For the year ended 30 April 2015		
	Continuing operations	Discontinued operations	Total
	US$'000	*US$'000*	*US$'000*
Audit fees paid to:			
– auditor of the Company	83	–	83
– other auditors*	132	1	133
Non-audit fees paid to:			
– auditor of the Company	9	–	9
– other auditors*	4	–	4
Allowance for impairment of other receivables	2,506	–	2,506
Amortisation of land use rights	108	25	133
Depreciation of property, plant and equipment	3,685	61	3,746
Gain on derivative financial instruments	(11)	–	(11)
Loss on disposal and written off of property, plant and equipment	99	–	99
Material costs recognised as an expense in cost of sales	237,109	–	237,109
Net foreign exchange gains	(365)	–	(365)
Net realised gain on derivative financial instruments	(139)	–	(139)
Rental expenses	236	17	253
Staff costs (including directors' emoluments)	6,521	436	6,957
Written down of inventories	1,209	–	1,209
Investment in subsidiaries written off	–	–	–
Written off of receivables	81	–	81

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

9. INCOME TAX EXPENSES

Continuing operations

Income tax expenses attributable to loss is made up of:

	2016	2015
	US$'000	*US$'000*
Current tax – SG		
Under provision in prior years	**6**	16
Current tax – HK		
Under provision in prior years	**–**	9
Current tax – PRC		
Provision for the financial year	**–**	–
Under provision in prior years	**25**	106
	31	131

The Company is incorporated in Singapore and no assessable profit is derived for the years ended 30 April 2016 and 2015. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

10. DISCONTINUED OPERATIONS

As at 30 April 2016, the assets and liabilities related to the disposal group have been presented as held for sale and result of the disposal group are presented as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The comparative figures for the year ended 30 April 2015 have been reclassified to conform with current year presentation.

An analysis of the results, cash flow and assets and liabilities of the disposal group is as follows:

(a) Results of discontinued operations

	2016	2015
	US$'000	*US$'000*
Revenue	**22,899**	22,705
Cost of sales	**(22,771)**	(22,931)
Gross profit/(loss)	**128**	(226)
Other income	**5**	40
Distribution and selling expenses	**(201)**	(150)
Administrative expenses	**(554)**	(896)
Other operating expenses	**(1,231)**	(1,518)
Finance costs	**–**	(1,661)
Loss before tax	**(1,853)**	(4,411)
Income tax expenses	**–**	–
Loss for the financial year from discontinued operations	**(1,853)**	(4,411)

(b) Assets of the disposal group classified as held for sales

	2016
	US$'000
Property, plant and equipment	**6,218**
Inventories	**1,499**
Cash and bank balances	**23,114**
Trade and other receivables	**13,872**
	44,703

(c) Liabilities of the disposal group classified as held for sales

	2016
	US$'000
Trade and other payables	**44,123**

(d) Cash flows

	2016	2015
	US$'000	*US$'000*
Net cash outflow from operating activities	**(36,644)**	(5,105)
Net cash outflow from investing activities	**(1,845)**	(88)
Net cash inflow from financing activities	**44,610**	4,811
	6,121	(382)

11. 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 2016 and 2015.

	2016	2015
	US$'000	*US$'000*
Loss for the purposes of basic and diluted loss per share		
Loss from continuing and discontinued operations	**(16,310)**	(22,104)
Less: Loss for the year from continuing operations	**15,384**	19,899
Loss for the year from discontinued operations	**(926)**	(2,205)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic loss per share	**170,804**	170,804

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

12. DIVIDEND

The Directors do not recommend any dividend declared for the year ended 30 April 2016 (30 April 2015: Nil).

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	US$'000	*US$'000*
Advance payment to suppliers	**2,463**	10,330
Trade and bills receivables	**1,834**	14,790
	4,297	25,120
Deposits	**1,327**	568
Advance payment for property, plant and equipment	**–**	2,543
Temporary payment	**54**	–
Prepayments	**137**	1,484
Other receivables	**7,574**	11,894
Amount due from a related party	**–**	3,271
Property, plant and equipment held for sale	**4,889**	–
Total gross receivables at 30 April	**18,278**	44,880
Less: allowance for impairment of other receivables during the year and balance at 30 April	**–**	(2,506)
	18,278	42,374

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

	2016	2015
	US$'000	*US$'000*
Current	**56**	8,529
Less than 1 month past due	**–**	5
1 to 3 months past due	**131**	1,946
3 to 12 months past due	**1,647**	3,515
More than 12 months past due	**–**	795
Amount past due	**1,778**	6,261
	1,834	14,790

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

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.

As at 30 April 2016, no trade and bills receivables amounted was pledged as securities for banking facilities granted to the Group (30 April 2015: US$695,009).

14. TRADE AND OTHER PAYABLES

	2016	2015
	US$'000	*US$'000*
Trade and bills payables	**2,204**	48,798
Sales deposits received	**848**	2,531
Accrued operating expenses	**3,912**	4,406
Other payables	**7,677**	5,759
Other payables for property, plant and equipment	**–**	1,643
Amounts due to a non-controlling shareholder	**–**	314
	14,641	63,451

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

	2016	2015
	US$'000	*US$'000*
Due within 3 months or on demand	**127**	8,635
Due after 3 months and within 6 months	**–**	2,707
Due after 6 months and within 1 year	**–**	29,565
Over 12 months	**2,077**	7,891
	2,204	48,798

15. BORROWINGS

	2016	2015
	US$'000	*US$'000*
Non-current liabilities		
Other borrowings	**26,027**	–
	26,027	–
Current liabilities		
Bank loan	**15,500**	22,750
Working capital loans	**37,426**	35,513
Mortgage loan	**–**	558
Other borrowings	**–**	18,445
	52,926	77,266
	78,953	77,266

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

- legal pledge on the Group's leasehold land and buildings;
- legal pledge on the Group's deposits and cash margin;
- pledge of assets (cargo and related proceeds) underlying the financed transactions;
- 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 subsidiaries are secured by way of:

- legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- legal pledge of leasehold land, construction in progress, plant and equipment;
- share charge on a subsidiary;
- floating mortgage; and
- corporate guarantees of the Company.

The bank borrowings as at 30 April 2016 are repayable as follows:

Bank loan as at 30 April 2016 and 2015 are repayable within 24 months after drawdown date, approximately US$15.5 million (2015: approximately US$2.4 million) was repayable within one year.

Working capital loans as at 30 April 2016 approximately US$37.4 million (2015: approximately US$35.5 million) are repayable within one year.

Other borrowings as at 30 April 2016 are approximately US$27 million (2015: 18.4 million).

Other borrowings are unsecured and not repayable within two year.

	2016	2015
	%	%
The weighted average interest rates at the end of the reporting period were as follows:		
Bank loans	**5.05**	5.05
Mortgage loan	**–**	6.38
Working capital loan	**5.40**	6.53
Other borrowings	**–**	7.32

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2016 (30 April 2015: Nil).

BUSINESS REVIEW

Review of Performance

Revenue from continuing operations

The Group's revenue from continuing operations was approximately US$101.2 million for the year ended 30 April 2016 ("FY2016"), representing a decrease of approximately 55.2% as compared with approximately US$225.9 million for the year ended 30 April 2015 ("FY2015").

Revenue from international steel trade business, major business segment, accounted for approximately 97.8% or US$99 million and 85.5% or US$193.1 million of the Group's total revenue in FY2016 and FY2015, respectively. Revenue from tinplate manufacturing contributed approximately 2.1% or US$2.1 million in FY2016. During the year, the Group entered into an equity transfer agreement to dispose of the tinplate processing business.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US$90.3 million of the Group's total revenue from its continuing operations in FY2016, compared to approximately US$193.5 million in FY2015. North Asia market contributed approximately 89.2% and 85.7% of total revenue from its continuing operations in FY2016 and FY2015 respectively. Revenue derived from South East Asia market decreased from approximately US$18.1 million in FY2015 to approximately US$1.7 million in FY2016. The South East Asia market accounted for approximately 1.7% and 8.0% of Group's total revenue from its continuing operations in FY2016 and FY2015, respectively. Other regions contributed approximately US$9.1 million revenue, representing approximately 9.0% of the Group's total revenue in FY2016.

Discontinued tinplate processing operations

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

Novo Tianjin was making loss for some time. For the period ended 28 April 2016. Novo Tianjin recorded a total turnover of approximately US$22.9 million with a gross profit of approximately US$0.2 million. Distribution and selling expenses, administrative expenses and other operating expenses were approximately US$0.2 million. US$0.6 million and US$1.2 million respectively.

Gross Profit

The Group's gross profit for FY2016 increased to positive figure around US$1.6 million, representing an increase of approximately 153% as compared with the group's negative gross profit approximately US$3.0 million in FY2015. The Group's gross profit margin from continuing operations increased from negative 1.3% in FY2015 to approximately 1.6% in FY2016. Such an increase was mainly due to the group focuses on trading of tinplate, and the suspension of manufacturing.

Other income

Other income remains stable approximately US$2.5 million and US$2.2 million in FY2016 and FY2015, respectively.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 67.5% from approximately US$4.4 million in FY2015 to approximately US$1.3 million in FY2016, such a decrease was mainly due to the decrease in freight charges.

Administrative expenses

Administration expenses remains stable approximately US$10.7 million and US$8.0 million in FY2016 and FY2015, respectively.

Finance costs

The finance costs decreased from US$5.7 million in FY2015 to approximately US$4.6 million in FY2016, which was primarily due to repayment of working capital loan.

Review of Financial Position

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

Property, plant and equipment

Property, plant and equipment decreased by approximately US$11.2 million from approximately US$73.1 million as at 30 April 2015 to approximately US$61.9 million as at 30 April 2016. The decrease was coming from depreciation and amortisation of property, plant and equipment and construction in progress.

Inventories

Inventories held by the Group dropped significantly by approximately US$2.6 million from approximately US$3.9 million as at 30 April 2015 to approximately US$1.3 million as at 30 April 2016, mainly resulting from concentration on trading business which is with shorter stock turnover day than manufacturing business.

Trade and other receivables

Trade and other receivables decreased from approximately US$42.4 million as at 30 April 2015 to approximately US$18.3 million as at 30 April 2016. Distribution of trade receivables and other receivables were approximately 9.8% (approximately US$1.8 million) and 90.2% (approximately US$16.5 million) of total receivables as at 30 April 2016, compared to approximately 34.9% (approximately US$14.8 million) and 65.1% (approximately US$27.5 million) of total receivables as at 30 April 2015. The decrease of trade and bills receivables as at 30 April 2016 was resulted from decreased in turnover.

Trade and other payables

Trade and other payables decreased from approximately US$63.5 million as at 30 April 2015 to approximately US$14.6 million as at 30 April 2016. Distribution of trade payables and other payables were approximately 15.1% (approximately US$2.2 million) and 84.9% (approximately US$12.4 million) of total payables as at 30 April 2016 compared to approximately 76.9% (approximately US$48.8 million) and 23.1% (US$14.7 million) of total payables as at 30 April 2015. The decrease of trade and other payables was mainly due to the decrease of trade and bills payables.

Liquidity and financial resources

The Group's borrowings increased by approximately US$1.7 million from approximately US$77.3 million as at 30 April 2015 to approximately US$79.0 million as at 30 April 2016. The Group increased long term loan from New Page Investments Limited to release corporate guarantee.

An aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately US$23.7 million from approximately US$33.5 million as at 30 April 2015 to approximately US$9.8 million as at 30 April 2016. Such a decrease was mainly due to repayment of bank loan and release of corporate guarantee.

Total cash and bank balance represents approximately 466.7% of the Group's net assets value as at 30 April 2016 (30 April 2015: approximately 203.0%).

As at the date of this announcement, the Group received letters from China CITIC Bank International Limited and Bank of China Ltd., Xinghua Sub-Branch to release all outstanding corporate guarantee in relation to the respective banks as stipulated in the Escrow Agreement dated 24 September 2015 (the "Escrow Agreement").

FUTURE PROSPECTS

Following the close of the mandatory unconditional cash offer by Golden Star Group Limited for all the shares in the capital of the Company on 27 November 2015 and the consequent change in ownership of the Company, the Group has officially started a new chapter.

With respect to the financial position of the Group, the management will endeavor to overcome the challenges and adopt a prudent approach in face of the current market condition.

The Group will also consider the possibility of diversification of business to ensure long term sustainable development.

Going forward, the Group will continue to put effort to improve and enhance its existing business. At the same time, the Group will actively explore and identify any investment and other business opportunities to achieve stepping up, enhancing growth potential and maximising shareholders' values.

Whilst the Group remains focused on developing its existing businesses, the Board is currently exploring as it considers that it should be beneficial for the Group to seek suitable investment opportunities in other industry sectors in connection to "one belt, one road", such as the internet technology sector and/or the financial related sector, which will provide long term sustainable benefits to the Group. No specific investment targets have been identified and no definitive agreement has been entered as at the date of this announcement.

The Company will make relevant announcement(s), as and when appropriate, concerning the development of the aforesaid businesses (if any) in accordance with the Hong Kong Listing Rules and the Listing Manual of the Singapore Exchange Securities Trading Limited.

BUSINESS UPDATE

Trading Business

Trend of iron ore continue to decline this year due to oversupply while demand remains weak. The Group expects the iron ore prices will remain at low level. Given the aforesaid factor, the Group will make use of all viable procurements and marketing opportunities while utilise of different marketing platforms and operating prudently to achieve good results.

The Group expects steel export from China will continue to be profitable accompanied with growing international demands and stabilised markets. If urbanisation project continues, accompanied by a steady growing economy and a growing middle class, the demand for steel is expected to stimulate in the coming year. Global supply and demand for steel will largely follow economic growth recovery around the world.

Coal import to China will experience challenges as local coal price remained relatively low and there is as oversupply in the regional market.

Tinplate Manufacturing Project

Currently, the tinplate manufacturing project, which has suspended its operation, is undergoing restructuring of the existing credit facilities to reduce fixed cost and the Group intends to restart full operation after clearance of this.

Once restart, the aforesaid tinplate manufacturing project in Jiangsu will continue to focus on direct sales to end-users in canning sections in the export market.

SUPPLEMENTARY INFORMATION

Reconciliation between SFRSs and International Financial Reporting Standards ("IFRSs")

For the year ended 30 April 2016, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRSs, International Accounting Standards and Interpretations).

Operational and Financial Risks

Market Risk

The major market risks of the Group include changes in the average selling and purchase prices of key products, and fluctuations in interest and exchange rates.

Commodity Price Risk

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and purchase costs.

Interest Rate Risk

The major market interest rate risk that the Group is exposed to includes the Group's borrowings which are subject to floating interest rates.

Foreign Exchange Risk

The Group's revenue and costs are primarily denominated in United States dollars. Some costs may be denominated in Hong Kong dollars, Renminbi or Singapore dollars. The Group will be subject to currency exposure except for United States dollars which are pegged with Hong Kong dollars. The Group will continue to monitor its foreign exchange exposure from time to time.

Inflation and Currency Risk

According to the data released by the National Bureau of Statistics of China, the consumer price index (CPI) went up by 2.3% in the year ended 30 April 2016, as compared to 1.3% in the year ended 30 April 2015. Such inflation in the PRC did not have a significant effect on the Group's operating results.

Liquidity Risk

The Group monitors its liquidity risk exposure to shortage of funds. The Group regularly review the maturity of its financial investments and assets (e.g., trade receivables and other financial assets) and projected cash flows from various operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of available bank loans and bank and other available facilities.

Gearing Risk

The Group monitors its capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2016 and 2015.

Contingent Liabilities

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

(a) Bills discounted with recourse

	Group	
	2016	2015
	US$'000	*US$'000*
Discounted bills with recourse supported by letter of credit	**131**	3,945

(b) Guarantees

	Company	
	2016	2015
	US$'000	*US$'000*
Corporate guarantees issued by the Company to banks in respect of banking facilities of subsidiaries	**6,503**	326,201

As at the date of this announcement, the Group received letters from China CITIC Bank International Limited and Bank of China Ltd., Xinghua sub-branch to release all outstanding corporate guarantee in a relation to the respective banks as stipulated in the Escrow Agreement.

Material Litigation and Arbitration

During the year ended 30 April 2016, a wholly-owned subsidiary of the Group (the "Defendant") received a writ of summons under an action commenced in the High Court of Hong Kong (the "Legal Proceedings") issued on 18 March 2016. In the writ of summons, Minmetals Inc. (the "Plaintiff") is claiming for a total sum of US$10,940,000 for the alleged outstanding amount under a repayment agreement dated 3 June 2015 between the Plaintiff and the Defendant and the accrued interest. The Defendant has instructed its legal counsel in relation to the Legal Proceedings, and management intends to contest the allegations under the Write of Summons vigorously. As the Group is in the course of seeking legal advice, the Company will make further announcement as and when appropriate.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2016, the Group had total cash and bank balances of approximately US$9.7 million (30 April 2015: US$33.5 million). The gearing ratio, calculated as a percentage of total liabilities to total assets, was 98.5% (30 April 2015: 89%) as at 30 April 2016. In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future.

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 ended 30 April 2016.

EMPLOYEES AND REMUNERATION POLICIES

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

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended 30 April 2016, including the accounting principles and standards adopted by the Group. It has also discussed and review accounting, internal controls, and financial reporting matters of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibility to its shareholders and protecting and enhancing shareholder value through solid corporate governance. For the year ended 30 April 2016, the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code (the "HK CG Code") contained in Appendix 14 of the HK Listing Rules, save that:

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

    On 1 February 2016, each of Mr. Tang and Mr. Foo has entered into a service agreement with the Company for a term of two years commencing from 1 February 2016. Therefore, the Company has complied with Code Provisions A.4.1 of the HK CG Code from 1 February 2016 to 30 April 2016.

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

    On 1 February 2016, each of Mr. Tang and Mr. Foo has entered into a service agreement with the Company which setting out the key terms and conditions of their appointment. Therefore the Company has complied with Code Provision D.1.4 of the HK CG Code from 1 February 2016 to 30 April 2016.

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

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

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code for the year ended 30 April 2016.

PUBLICATION OF THE RESULTS ANNOUNCEMENT

This unaudited final results announcement is published on the websites of the Company (www.novogroupltd.com), SEHK (www.hkex.com.hk) and SGX-ST (www.sgx.com).

By order of the Board
Zhu Jun
Executive Chairman and Executive Director

Hong Kong, 29 June 2016

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Zhu Jun, Mr. Chow Kin Wa and Ms. Wang Jianqiao and three independent non-executive Directors, being Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher.