YORKSHINE HOLDINGS LIMITED
煜新控股有限公司*

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

QUALIFIED OPINION AND EMPHASIS OF MATTERS BY AUDITOR IN RESPECT OF FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 APRIL 2017

The Board of Directors (the "**Board**") of YORKSHINE HOLDINGS LIMITED (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, Baker Tilly TFW LLP had issued their report on the financial statements of the Group for the financial year ended 30 April 2017 (the "**Audited Financial Statements**"), highlighting a qualified opinion and an emphasis of matters.

A copy of the Independent Auditor's Report and an extract of relevant part of Notes 2, 3, 5, 13, 15, 16, 17, 18, 22, 24, 29(c), 31(a), 36(vi) to the Audited Financial Statements are attached to this announcement for information.

Shareholders of the Company are advised to read the Audited Financial Statements in its annual report 2017, which will be despatched in due course.

By Order of the Board
YORKSHINE HOLDINGS LIMITED
Zhu Jun
Executive Chairman and Executive Director

Hong Kong, 1 August 2018

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Zhu Jun and Ms. Wang Jianqiao; one non-executive Director, being Dr. Ouyang Qian and three independent non-executive Directors, being Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher

* *For identification purpose only*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

The auditor's opinion on the Group's financial statements for the year ended 30 April 2017 as follows:

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Financial Reporting Standards in Singapore ("**FRSs**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

1. Sales and Purchases transactions relating to sales of commodities

Included in the consolidated financial statements of the Group are sales and purchases transactions relating to the conduct of the Group's trading and distribution of iron ore, coal and steel products ("**sales and purchases of commodities**") totalling US$101,167,143 and US$100,009,615 respectively. The sales amounting to US$100,748,521 were transacted through an agent ("**Agent**") appointed by the Group.

During the course of our audit for the financial year ended 30 April 2017 ("**FY2017**"), we raised concerns to management on certain documents relating to the Group's sales and purchases of commodities and in particular, our discovery of two sets of sale and purchase agreements pertaining to the same underlying transactions. Arising from our findings, the Board of Directors of the Company had appointed an Independent Reviewer to conduct an independent review into the facts and circumstances surrounding the two sets of agreements, their veracity and impact to the consolidated financial statements of the Group.

As disclosed in Note 5 to the financial statements, the Company announced the key findings of the Independent Review and published the executive summary of the Review Report on 19 January 2018. We noted from the key findings of the Independent Review that there were contracts presented for our audit purposes which were not contemporaneously prepared during the transactions but instead were only prepared for the purposes of the audit. There were also observations of inconsistencies in the authorised signatories of the contracts, and there were contracts which did not reflect the substance of the underlying transactions. These contracts were subsequently voided. Due to limitations on the scope of work of the Independent Reviewer, the Independent Review was not able to establish the completeness of the Group's sales and purchases of commodities as recorded in the consolidated financial statements of the Group.

The Board of Directors' considerations and conclusion with respect to the Group's sales and purchases of commodities are disclosed in Note 5 to the financial statements.

This matter is qualified because of the above-mentioned events and circumstances surrounding these sales and purchases transactions. In addition, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the completeness of the Group's sales and purchases of commodities as recorded in the consolidated financial statements of the Group. Consequently, we are unable to determine whether any adjustment was required in respect of the Group's revenue, cost of sales and net loss for the year as recorded in the consolidated income statement of the Group for the financial year ended 30 April 2017, and the amount due to the Agent of US$895,106 as recorded under trade and other payables as at 30 April 2017.

2. Property, plant and equipment

As disclosed in Note 16 to the financial statements, the Group's property, plant and equipment as at 30 April 2017 amounted to US$54,163,550 (2016: US$58,946,713). Management determined that no impairment is required on the Group's property, plant and equipment as their recoverable amounts exceeded the net carrying values as at 30 April 2017.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the reasonableness of the key assumptions and inputs used in the determination of the recoverable amounts of the Group's property, plant and equipment. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Group's property, plant and equipment as at 30 April 2017 are necessary.

This matter was similarly included in the *Basis for Qualified Opinion* section of our independent auditor's report on the financial statements for the financial year ended 30 April 2016. Our opinion on the current year's financial statements of the Group is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

3. Profit from discontinued operations of TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED ("TIANJIN SHIFA")

As disclosed in Note 13 to the financial statements, the Group completed the disposal of its 50% equity interest in TIANJIN SHIFA on 27 March 2017, the date on which it ceased to be a subsidiary of the Group. Subsequent to the disposal, management represented that the Group was unable to obtain the audited financial statements of TIANJIN SHIFA for the financial period from 1 May 2016 to 27 March 2017. Accordingly, the unaudited management accounts of TIANJIN SHIFA as at 31 March 2017 were used to prepare the consolidated financial statements of the Group for the financial year ended 30 April 2017.

The 11 months' financial performance and gain on disposal of TIANJIN SHIFA included in the consolidated income statement of the Group for the financial year ended 30 April 2017 amounted to US$415,543 and US$1,152,523 respectively.

We are unable to obtain sufficient information and explanations to enable us to form an opinion as to whether the unaudited management accounts of TIANJIN SHIFA used in the preparation of the consolidated financial statements of the Group, were prepared in accordance with Financial Reporting Standards in Singapore and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group, in particular, the determination of the respective line items in the analysis of the profit from discontinued operations of the Group. Consequently, we are unable to determine whether any adjustments might be necessary in respect of the following:

(i) the profit after tax of TIANJIN SHIFA from 1 May 2016 to 31 March 2017 and gain on disposal of TIANJIN SHIFA amounting to US$415,543 and US$1,152,523 respectively included in the profit from discontinued operations, and related information as disclosed in Note 13 to the financial statements;

(ii) the basic and diluted earnings per share attributable to equity holders of the Company for profit from discontinued operations as disclosed in Note 15 to the financial statements;

(iii) the effects of assets and liabilities disposed of and related classification of the line items of TIANJIN SHIFA on the consolidated statement of cash flows of the Group as disclosed in Note 13 to the financial statements;

(iv) the disclosure of related party information relating to TIANJIN SHIFA; and

(v) the disclosure of segment information relating to TIANJIN SHIFA.

4. Investments in subsidiaries and amounts due from subsidiaries

As disclosed in Note 18 to the financial statements, the Company's investments in subsidiaries and amounts due from subsidiaries are carried at cost amounting to US$79,481,229 (2016: US$79,463,169) and US$31,496,647 (2016: US$31,496,647) respectively. Management determined that no impairment is required on the Company's investments in subsidiaries and amounts due from subsidiaries as their recoverable amounts exceeded the net carrying values as at 30 April 2017.

In view of the fact that most the Company's subsidiaries incurred a net loss during the current year and also are in capital deficiency position as at 30 April 2017, there are significant uncertainty over the recoverability of amounts due from subsidiaries and investments in subsidiaries recorded by the Company. Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence about the recoverable amounts of the Company's investments in subsidiaries and amounts due from subsidiaries as at 30 April 2017. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Company's investments in subsidiaries and amounts due from subsidiaries as at 30 April 2017 are necessary.

This matter was similarly included in the *Basis for Qualified Opinion* section of our independent auditor's report on the financial statements for the financial year ended 30 April 2016. Our opinion on the current year's financial statements of the Company is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 30 April 2017, the Group incurred a net loss from continuing operations of US$11,076,003 (2016: US$10,740,563) and the Company incurred a net loss of US$1,741,510 (2016: US$1,202,737). As at 30 April 2017, the Group's current liabilities exceeded the current assets by US$22,691,922 (2016: US$23,498,828). Other events and conditions that may cast significant doubt about the Group's and the Company's ability to continue as going concerns are further disclosed in Note 3 to the financial statements.

These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, for the reasons disclosed in Note 3 to the financial statements, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 April 2017 is appropriate. Our opinion is not further modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement which we obtained prior to the date of this auditor's report, and the information included in the Annual Report 2017 (but does not include the financial statements and our auditor's report thereon) which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section of our report, we are unable to satisfy ourselves as to the completeness of the Group's sales and purchases of commodities as recorded in the consolidated financial statements of the Group, the recoverable amounts of the Group's property, plant and equipment, profit from discontinued operations of TIANJIN SHIFA, the impairment assessment of the Company's investments in subsidiaries and amounts due from subsidiaries. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

When we read the Annual Report 2017, if we conclude that there is a misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Emphasis of Matter – Contingent liabilities

We draw attention to Note 29(c) to the financial statements, which describes that the Group faces claims and litigations from several contractors, suppliers, employees, bank and strategic partner. The Board of Directors has assessed and satisfied with the adequacy and appropriateness of the accruals for claims and litigations made in the financial statements. Our opinion is not further modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matter to communicate in our report.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lim Kok Heng.

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
Singapore
1 August 2018

Extracted from relevant part of Notes 2, 3, 5, 13, 15, 16, 17, 18, 22, 24, 29(c), 31(a), 36(vi) to the Audited Financial Statements of YORKSHINE HOLDINGS LIMITED. for the financial year ended 30 April 2017 (audited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are presented in United States Dollar ("**USD**" or "**US$**") which is the Company's functional currency. The financial statements have been prepared in accordance with the provisions of the Companies Act and Financial Reporting Standards in Singapore ("**FRSs**"). 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 FRSs 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, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

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 FRSs and Interpretations of FRSs ("**INT FRSs**") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance 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 2017 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 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 1 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management is currently assessing the impact of applying the new standard on the Group's financial statements. At this stage, the Group has not completed its assessment of the impact. The Group plans to adopt the standard when it becomes effective in financial year ending 30 April 2019.

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

(i) Classification and measurement

While the Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under FRS 109.

(ii) Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

The Group has not undertaken a detailed assessment of the impact of the impairment provisions under FRS 109 but the Group expects that the new expected loss model may result in an earlier recognition of credit losses.

The Group plans to adopt the standard when it becomes effective in financial year ending 30 April 2019.

FRS 116 Leases

FRS 116 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "**right-of-use**" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. At the end of the reporting period, the Group has non-cancellable operating lease commitments of US$352,480 (2016: US$301,670) (Note 28(b)). The Group anticipates that the adoption of FRS 116 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. But, it is not practicable to provide a reasonable estimate of the impact of FRS 116 until the Group performs a detailed assessment. The Group will perform a detailed assessment of the impact and plans to adopt the standard on the required effective date.

Convergence with International Financial Reporting Standards

The Accounting Standards Council ("**ASC**") announced on 29 May 2014 that Singapore incorporated companies listed on the SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("**IFRS**") (full IFRS convergence) in 2018. The Group will adopt the new financial reporting framework on 1 May 2018.

(b) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of sales related taxes, 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 sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of commodities is initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales price are made to take into account commodities' price changes, based upon the month-end spot price and commodities' quantities upon receipt of the final quality and weight certificates, if different from the initial certificates. The Group marks to market its provisional sales based on the forward price for the estimated month of settlement. In the statements of financial position, such mark to market adjustments is included within "accrued income" or "accrued operating expenses".

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Interest income

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

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, 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, if any, is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

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

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

(f) 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.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

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

	Number of years
Leasehold land and buildings	20 to 50
Plant and machinery	5 to 35
Furniture, fixtures and computer equipment	3 to 20
Motor vehicles	5
Renovation	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

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

Construction work-in-progress represents assets in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies (Note 2(t)). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(g) Land use rights

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

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

(h) Impairment of non-financial assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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.

(i) Inventories

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

– Raw materials: purchase cost on weighted average basis.

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

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

(j) Operating leases

(i) When a Group entity is the lessee

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

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

(ii) When a Group entity is the lessor

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

(k) Income taxes

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

(l) Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. 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, advance payments and value-added tax receivables)" and "cash and cash equivalents" on the statements of financial position, except for non-current interest-free receivables from a subsidiary which have been considered to be part of the Company's net investment in subsidiary and accounted in accordance with Note 2(c).

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.

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.

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.

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 in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(m) 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.

(n) Financial liabilities

Financial liabilities include trade and other payables (excluding sales deposits received), borrowings and derivative financial instruments on the statements of financial position.

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

Financial liabilities are 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.

(o) 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.

(p) Derivative financial instruments

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

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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

End of service benefit liability

For employees in the United Arab Emirates ("**UAE**"), the Group computes the provision for liability on employees' end of service benefits assuming that all employees were to leave as of the end of the reporting period. These provisions are computed pursuant to the UAE Federal Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of the reporting period.

(v) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which 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 and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

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

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

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

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

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

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

(w) Dividends

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

(x) Government grants

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

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

(y) 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.

(z) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held-for-sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and

(i) represents a separate major line of business or geographical area of operations; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

Going concern assumption

During the financial year ended 30 April 2017, the Group incurred a net loss from continuing operations of US$11,076,003 (2016: US$10,740,563) and the Company incurred net loss of US$1,741,510 (2016: US$1,202,737). At 30 April 2017, the Group's current liabilities exceeded the current assets by US$22,691,922 (2016: US$23,498,828).

As disclosed in Note 16, a subsidiary within the tinplate manufacturing segment who suspended its operations since the prior financial year ended 30 April 2015 has only resumed its operations in May 2018. The Group also breached the covenants clauses of certain borrowings and defaulted on the repayment of instalments of certain borrowings on their respective due dates during the financial year as disclosed in Note 22. On 18 August 2017, the Group successfully entered into a deed of assignment of loan and securities with the bank and Real Shine Capital Limited for the loans amounting to US$14,200,925 as at 30 April 2017 (2016: US$15,500,000) as disclosed in Note 22. Pursuant to a letter dated 11 July 2018, New Page Investments Limited ("**New Page**") demanded the Group to repay a total sum of US$33,248,140 on or before 1 August 2018 as disclosed in Notes 22 and 36(vi). The Group also has several on-going litigations as at 30 April 2017 as disclosed in Note 29(c).

These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the Directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 April 2017 is appropriate after taking into consideration the following factors:

(i) The immediate and ultimate holding company agrees to unconditionally provide continuous financial assistance to the Group in order to meet their obligations and to carry on their business for a period of not less than twelve months from the date of the letter of financial assistance, i.e. 10 July 2018;

(ii) As disclosed in Note 36, the Group entered into a Subscription and Shareholders' Agreement with a Target Company to invest in the first brewery of additive-free beer in Hong Kong. The Directors believe this is a viable investment opportunity;

(iii) The banking facilities from their bankers for their working capital requirements for the next twelve months will be available as and when required; and

(iv) The Group and the Company are able to generate sufficient cash flows from their operations to meet their current and future obligations.

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

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

(i) Adopting a disciplined capital allocation and constantly review capital expenditure plans thoroughly so to manage a balanced project portfolio to mitigate risks and optimise profitability for all existing projects;

(ii) Strengthening current customers' base with a focus on high growth potential markets in food and beverage sector, and strengthen customer relationship by providing quality products and services and engineering solutions to customers;

(iii) 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;

(iv) 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 utilise the capacity of the tinplate manufacturing plant; and

(v) Enhancing the research and development capabilities with the aims to expand the expertise in tinplate production, improving tinplate quality and bolster manufacturing capabilities by adding high-margin products to the product portfolio.

After considering the measures taken described above, the Group and the Company believe that they have adequate resources and can cut cost to continue their operations as going concerns.

For these reasons, the financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

Revenue recognition

As disclosed in Note 5, the Company's subsidiaries entered into sales agency agreements and a letter of credit ("**LC**") agency agreement with Novostal Limited ("**NSL**") for certain sale and purchase transactions relating to the conduct of the Group's sale of commodities (the "**Transactions**") during the financial year ended 30 April

2017. NSL entered into these Transactions as sales and LC financing agent on behalf of the Company's subsidiaries. NSL is a company incorporated in Hong Kong, in which Mr. Yu Wing Keung, a former director of the Company is the ultimate beneficial owner.

Management has assessed that the Group is exposed to the significant risks and rewards associated with the Group's sale of commodities as follows:

(i) the Group has the primary responsibility for providing the commodities to the customer or fulfilling the order;

(ii) the Group bears inventory risk during shipment;

(iii) the Group has the latitude in establishing prices with customers and suppliers; and

(iv) the Group bears credit risk for the amount receivable from the customer.

Management has assessed that the Group is acting as a principal for the sale of commodities. Accordingly, revenue and corresponding cost of sales are reported as gross amounts in the financial statements. The Group's revenue from the sale of commodities recognised during the financial year is disclosed in Note 5.

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the Group entities, judgement is required by management to determine the primary economic environment in which the Group entities operate, the Group entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that sales prices and the Group entities' cost base are mainly denominated and settled in the respective local currency of the Group entities except for certain Group entities incorporated in Singapore and Hong Kong which are mainly denominated and settled in the United States Dollar. Therefore, management concluded that the functional currency of the Group entities is their respective local currency, other than those Group entities incorporated in Singapore and Hong Kong, whose functional currency is United States Dollar.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values.

The Group reviews the useful lives and residual values of property, plant and equipment at the end of each reporting period in accordance with the accounting policy in Note 2(f). The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage.

Any changes in the expected useful lives of these assets would affect the carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

The carrying amount of property, plant and equipment at 30 April 2017 and the depreciation charge for the financial year ended 30 April 2017 are disclosed in Note 16.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment and land use rights in accordance with the accounting policy in Note 2(h). An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value-in-use calculations are undertaken, 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. These value-in-use calculations require the use of considerable judgements, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amount of the property, plant and equipment and land use rights.

A PRC subsidiary within the tinplate manufacturing segment who suspended its operations since the prior financial year ended 30 April 2015 has only resumed its operations in May 2018. The property, plant and equipment and land use rights relating to this PRC subsidiary amounted to US$51,622,597 (2016: US$56,316,686).

In view of the above, management carried out a review of the recoverable amount of these property, plant and equipment and land use rights during the financial year. The recoverable amounts of property, plant and equipment and land use rights are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the sales volume, gross profit margin and discount rates. The sales volume and gross profit margin are based on past performances and expectations developments in the market. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to their industry.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a five year-period. Cash flows beyond the five-year period were extrapolated using estimated growth rate of 3% (2016: 3%), which does not exceed the average long-term growth rate for the relevant industry. The pre-tax rate used to discount the cash flow forecasts is 18.20% (2016: 18.41%).

Based on management's assessment, no allowance for impairment loss on property, plant and equipment and land use rights is necessary at the end of the reporting period. In addition, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amounts of property, plant and equipment and land use rights to materially exceed its recoverable amounts.

The net carrying values of the Group's property, plant and equipment and land use rights at the end of the reporting period are disclosed in Notes 16 and 17 respectively.

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of those investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from these investments and an appropriate discount rate in order to calculate the present value of the future cash flows. The value-in-use calculation requires the use of considerable judgements, estimates and assumptions. Changes in these assumptions and estimates could have a material effect on the determination of the recoverable amount of investments in subsidiaries.

Based on management's assessment, no allowance for impairment loss on investments in subsidiaries is necessary at the end of the reporting period.

The carrying amount of the Company's investments in subsidiaries at the end of the reporting period is disclosed in Note 18.

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at the end of each reporting period. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

Significant management's judgement is involved in the determination as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management assesses as to whether an impairment loss should be recorded as an expense in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 31(a). If the present value of estimated future cash flows differ from management's estimates, the allowance for impairment for loans and receivables and the loans and receivables balance at the end of the reporting period will be affected accordingly.

Contingent liabilities arising from claims and litigations

As disclosed in Note 29(c), the Group faces claims and litigations from several contractors, suppliers, employees, bank and strategic partner. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The claims and litigations against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular claim and litigation, the jurisdiction and the differences in applicable law. In the normal course of business, the Group consults with legal advisors and certain other experts on matters related to claims and litigations.

The Group recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

During the financial year, management has assessed and satisfied with the adequacy and appropriateness of the accruals for claims and litigations made in the financial statements, which were included in trade and other payables (Note 24) and borrowings (Note 22) respectively.

NOTE 5 – REVENUE

	Group	
	2017	**2016**
	US$	*US$*
Sales of goods:		
– Sale of commodities	101,167,143	100,511,885
– Tinplate manufacturing	658,529	1,709,482
	101,825,672	102,221,367

In the course of the audit of the Group for the financial year ended 30 April 2017 ("**FY2017**"), the auditors discovered that there were two sets of sales and purchases contracts (the "**contracts**") pertaining to the same underlying transactions for certain of the Group's sale of commodities. The first set of contracts ("**void contracts**") were supposedly signed by the Company's subsidiaries directly with the respective customers and suppliers. For the second set of contracts, the sales contracts were all signed by Novostal Limited ("**NSL**") as an agent on behalf of the Company's subsidiaries with respective customers. As such, the auditors have raised concerns as to which set of contracts reflects the Group's business operations.

In view of the above, the Board of Directors of the Company had appointed Independent Reviewer to conduct an independent review into facts and circumstances surrounding the two sets of contracts, their veracity and impact to the consolidated financial statements of the Group.

On 19 January 2018, the Company announced the key findings of the Independent Review and published the executive summary of the Review Report. The key findings include the following:

(i) During FY2017, the Company's subsidiaries entered into sales agency agreements and a letter of credit ("**LC**") agency agreement with NSL for 14 back-to-back sales and purchases transactions (the "**Transactions**"). NSL entered into these Transactions as sales and LC financing agent on behalf of the Company's subsidiaries. NSL is a company incorporated in Hong Kong, in which Mr. Yu Wing Keung, a former director of the Company is the ultimately beneficial owner.

(ii) The void contracts were not intended to be released to the auditors but due to miscommunication among the staff, the void contracts were provided to the auditor.

(iii) There were no original contracts kept by the Group as these trading activities were conducted through electronic communication and signed contracts were returned via email.

(iv) Given that the auditor requested for the full set of the original contracts, the management prepared a new set of contracts ("**revised contracts**") and sent these to their customers and suppliers for them to sign and return to replace the voided contracts in July 2017.

(v) For trades in which the Group acted as principal, there are letters of credit and sales agency agreements signed with NSL as agent, and for trades in which the Group acted as agent, there are purchase agency agreements signed by the Company's subsidiaries as agents with NSL. The letter of credit agency agreement covers the financial year ended 30 April 2017 and was dated 1 May 2016.

(vi) Due to limitations on the scope of work of the Independent Reviewer, the Independent Review was not able to establish the completeness of the Group's sales and purchases of commodities as recorded in the consolidated financial statements of the Group.

The Board of Directors notes that while the Review Report has identified management and staff who had prepared the void contracts in their misguided haste to "simplify the audit process" for FY2017, no fraudulent conduct was identified for the sales and purchases transactions in the course of the independent review. The Board of Directors is not aware of any material impact to the consolidated financial statements of the Group or financial loss to the Group due to these arrangements. The subject transactions have been completed, the letters of credit have been paid in full and the issuing banks and beneficiaries have not alleged any losses or damages. As at 30 April 2017, the Group recorded an amount due to NSL of US$895,106 under trade and other payables (Note 24). The independent legal advice also assured the Board of Directors that the relevant documentation is not inconsistent with the position that the Company's subsidiaries are the principals of the subject transactions, and bear the risks and are entitled to the profits of the subject transactions. In addition, the Board of Directors also received the statutory declaration of NSL which stated that all the documents related to the sales and purchases transactions were true and correct. Accordingly, the Board of Directors has no reason to believe that the sales and purchases transactions are not genuine.

NOTE 13 – DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (RELEVANT PART ONLY)

(III) Details of disposal group classified as held-for-sale are as follows:

(c) Included in trade and other receivables at 30 April 2016 were trade and non-trade amount owing by a related party amounted to US$5,070,112 and US$5,601,568 respectively. TIANJIN SHIFA made an interest-free advance of US$10,222,938 to and also made payment on behalf of US$8,044,225 for a related party during the financial year ended 30 April 2016. The interest-free advance and payment on behalf remained outstanding at 30 April 2016 amounted to US$5,601,568. The related party refers to a company controlled by an entity having a significant influence on TIANJIN SHIFA.

(d) Included in cash and cash equivalents at 30 April 2016 were fixed deposits of US$23,068,925 which have been pledged to banks for bills payable granted.

NOTE 15 – LOSS PER SHARE

From continuing and discontinued operations

Basic and diluted loss per share is calculated based on the Group's loss for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the financial years ended 30 April 2017 and 30 April 2016.

	Group	
		(Restated)
	2017	**2016**
	US$	*US$*
Loss for the financial year attributable to equity holders of the Company	(9,273,614)	(10,894,542)

	Number of ordinary shares	
	2017	**2016**
Weighted average number of ordinary shares for basic and diluted loss per share	186,271,776	170,804,269

There were no potentially dilutive ordinary shares in existence during the financial years ended 30 April 2017 and 2016 and therefore the diluted loss per share amounts for those years were the same as the basic loss per share.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to equity holders of the Company is based on the following data.

	Group	
		(Restated)
	2017	**2016**
	US$	*US$*
Loss for the financial year attributable to equity holders of the Company	(9,273,614)	(10,894,542)
(Profit)/loss for the financial year from discontinued operations	(1,360,294)	756,167
Loss for the purpose of basic loss per share from continuing operations	(10,633,908)	(10,138,375)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

Basic and diluted earnings/(loss) per share for the discontinued operations is based on the profit for the financial year from the discontinued operations of US$1,360,294 (2016: loss of US$756,167) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (RELEVANT PART ONLY)

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$
2017							
Cost							
At 1.5.2016							
– As previously reported	6,597,600	57,911,056	692,778	764,078	190,329	4,262,902	70,418,743
– Prior year adjustment *(Note 35)*	–	(4,207,500)	–	–	–	–	(4,207,500)
As restated	6,597,600	53,703,556	692,778	764,078	190,329	4,262,902	66,211,243
Additions	–	–	17,143	–	–	1,142,755	1,159,898
Disposals	–	(74,519)	–	–	–	–	(74,519)
Currency translation differences	(415,564)	(3,383,222)	(35,170)	(66,731)	(1,852)	(402,888)	(4,305,427)
At 30.4.2017	6,182,036	50,245,815	674,751	697,347	188,477	5,002,769	62,991,195
Accumulated depreciation							
At 1.5.2016	752,651	5,124,235	526,797	718,911	141,936	–	7,264,530
Depreciation charge	218,332	1,787,406	82,688	23,777	14,964	–	2,127,167
Disposals	–	(17,885)	–	–	–	–	(17,885)
Currency translation differences	(110,252)	(279,144)	(81,984)	(73,133)	(1,654)	–	(546,167)
At 30.4.2017	860,731	6,614,612	527,501	669,555	155,246	–	8,827,645
Net carrying value							
At 30.4.2017	5,321,305	43,631,203	147,250	27,792	33,231	5,002,769	54,163,550

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 granted (Note 22):

	Group	
		(Restated)
	2017	**2016**
	US$	*US$*
Leasehold land and buildings	5,321,305	4,667,119
Plant and machinery	43,631,204	48,579,321
Furniture, fixtures and computer equipment	98,839	110,426
Motor vehicles	6,415	5,214
Construction work-in-progress	2,986,838	2,111,457
	52,044,601	55,473,537

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

	Group	
	2017	**2016**
	US$	*US$*
Long leasehold land and building in Shanghai, the PRC	1,030,788	1,177,830
Long leasehold buildings in Jiangsu province, the PRC	4,290,517	4,667,119
	5,321,305	5,844,949

NOTE 17 – LAND USE RIGHTS

	Group	
	2017	**2016**
	US$	*US$*
Cost		
At beginning of the financial year	4,525,643	6,081,548
Disposals	(782,550)	–
Reclassified to disposal group assets classified as held-for-sale	–	(1,210,426)
Currency translation differences	(306,558)	(345,479)
At end of the financial year	3,436,535	4,525,643
Accumulated amortisation		
At beginning of the financial year	329,322	380,832
Amortisation charge	94,891	128,385
Disposals	(56,946)	–
Reclassified to disposal group assets classified as held-for-sale	–	(157,618)
Currency translation differences	(22,311)	(22,277)
At end of the financial year	344,956	329,322
Net carrying value		
At end of the financial year	3,091,579	4,196,321
Amount to be amortised or disposed of:		
– Not later than one financial year	576,846	103,756
– Later than one financial year but not later than five financial years	279,247	415,023
– Later than five financial years	2,235,486	3,677,542
	3,091,579	4,196,321

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

	Group	
	2017	**2016**
	US$	*US$*
Current	507,034	–
Non-current	2,584,545	4,196,321
	3,091,579	4,196,321

The details of the land use rights at 30 April 2017 are as follows:

Location	Lease period	Land area (square metres)
Xinghua City, Jiangsu province, the PRC	July 2011 to February 2058	26,669.60
Xinghua City, Jiangsu province, the PRC	August 2011 to February 2058	23,288.00
Xinghua City, Jiangsu province, the PRC	January 2012 to January 2062	15,655.60
Xinghua City, Jiangsu province, the PRC	April 2013 to January 2063	21,673.60
Xinghua City, Jiangsu province, the PRC	April 2014 to June 2063	7,998.40
Xinghua City, Jiangsu province, the PRC	April 2014 to February 2058	19,632.50

During the current financial year, land use rights with net carrying amount of US$725,604 were disposed off by the People's Court of Xinghua City on behalf of the PRC subsidiaries at total consideration of US$666,347. Out of the total proceeds, US$451,281 was received by the PRC subsidiaries and the remaining proceed is kept by the People's Court of Xinghua City and will be used to settle the Group's outstanding debts owing to certain contractors/suppliers/employees in respect of the on-going litigations as disclosed in Note 29(c)(i). In January 2018, proceeds have been used to settle the Group's outstanding debts owing to a contractor/supplier.

At the end of the reporting period, land use rights with net carrying value of US$2,584,545 (2016: US$3,112,064) are pledged to certain banks for banking facilities granted (Note 22).

At the end of the reporting period, land use rights with net carrying value of US$507,034 (2016: US$552,630) are pledged as security in respect of a litigation as disclosed in Note 29(c)(i).

As disclosed in Note 36(ii), the land use rights of Novowell Lamination Technology (Taizhou) Limited ("**Novowell Lamination**"), an indirect wholly-owned subsidiary of the Company which were pledged as security in respect of a litigation as disclosed in Note 29(c)(i) were placed under the auction by the People's Court of Xinghua City in May 2017. The land use rights were disposed at a consideration of US$484,000 or RMB3,334,500 (the "**Proceed**") in May 2017. The Proceed is kept by the People's Court of Xinghua City and will be used to settle the Group's outstanding debts owing to a contractor.

NOTE 18 – INVESTMENTS IN SUBSIDIARIES (RELEVANT PART ONLY)

	Company 2017 US$	Company 2016 US$
Unquoted equity shares, at cost		
Balance at beginning of financial year	79,463,169	79,460,123
Incorporation/acquisition of new subsidiaries	18,060	3,046
Balance at end of financial year	79,481,229	79,463,169
Amounts due from subsidiaries	31,496,647	31,496,647
	110,977,876	110,959,816

Management determined that owing to the nature of the activities of the subsidiaries, the amounts due from subsidiaries are quasi-equity in nature, non-interest bearing and are therefore included in the investments in subsidiaries. The quasi-equity loans have no repayment terms and accordingly, the amounts are stated at cost.

NOTE 22 – BORROWINGS (RELEVANT PART ONLY)

(i) Bank loan

During the financial year, NWETP has breached certain covenants clauses in the loan agreement, including but not limited to the financial condition, financial testing, financial covenants and etc. In addition, NWETP has failed to make payments of certain instalments of the bank loan on their respective due dates.

On 27 March 2017, the Group received a notice from the Intermediate People's Court of Taizhou City, Jiangsu province, the PRC (the "**Intermediate People's Court of Taizhou City**") informing NWETP that an application had been received to wind up NWETP due to its inability to settle the outstanding bank loan as disclosed in Note 29(c)(iii).

At the end of the reporting period, the total bank loan outstanding amounting to US$14,200,925 (2016: US$15,500,000) is presented as current liabilities as at 30 April 2017.

On 18 August 2017, China CITIC Bank International Limited (the "**Bank**"), Real Shine Capital Limited ("**RSCL**") and NWETP entered into a deed of assignment of loan and securities, pursuant to which the Bank agreed to assign to RSCL and RSCL agreed to accept the assignment of the aggregate principal amount and interest thereon owing by NWETP to the Bank from time to time under the banking facilities and all securities provided to the Bank pursuant thereto.

On 18 August 2017, the Company was informed by RSCL that the Bank has made an application to the Intermediate People's Court of Taizhou City to withdraw the winding-up petition and/or application against NWETP. Subsequently, the Intermediate People's Court of Taizhou City has approved the withdrawal pursuant to an order made on 5 September 2017.

On 13 November 2017, RSCL and NWETP entered into a deed of settlement, pursuant to which RSCL agrees with NWETP to settle the outstanding bank loan in the manner as disclosed in Note 29(c)(iii).

(ii) Revolving credit facility

During the financial year, the Group has failed to make payments of certain interest of the revolving credit facility on their respective due dates. The interest of the revolving credit facility was adequately accrued for under accrued operating expenses (Note 24) at the end of the reporting period.

At the end of the reporting period, the revolving credit facility outstanding amounting to US$2,321,168 (2016: US$Nil) is presented as current liabilities as at 30 April 2017.

Subsequent to the end of the reporting period, the bank has extended the repayment term of the outstanding amount of the revolving credit facility to 20 February 2019.

(iii) Other borrowings

Subsequent to the end of the reporting period, the Group has failed to make payment of the principal repayments totalling US$2,700,000 on their respective due dates which is due on or before 30 June 2018.

As at the date when these financial statements were approved for issue by the Board of Directors, the management is in negotiations with the strategic partner on the revised repayment terms of the outstanding other borrowings at 30 April 2017.

NOTE 24 – TRADE AND OTHER PAYABLES (RELEVANT PART ONLY)

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

	Group	
	2017	**2016**
	US$	*US$*
0 to 3 months	–	127,221
More than 3 months to 6 months	–	–
More than 6 months to 12 months	–	–
More than 12 months	250,258	1,689,499
	250,258	1,816,720

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$	*US$*	*US$*	*US$*
RMB	284,370	58,232	142,693	38,706
HKD	508,257	695,987	1,413,895	220,274
IDR	–	16,407	–	–
SGD	538,004	462,868	616,558	354,503
AED	–	4,083	–	–
USD	84,130	50	–	–
EUR	–	1,953	–	–
INR	–	949	–	–
	1,414,761	1,240,529	2,173,146	613,483

NOTE 29 (c) – CONTINGENT LIABILITIES (RELEVANT PART ONLY)

Contingent liabilities of which the probability of settlement is not remote at the end of the reporting period, are as follows:

Group

(i) Several contractors/suppliers/employees are making claims against NWETP for outstanding payable sum (including legal fees) totalling approximately US$3.65 million or RMB25.13 million. The total claims (including legal fees) were adequately accrued for under trade and other payables (Note 24). At 30 April 2016, inventories with net carrying amount of US$188,536 was frozen by the People's Court of Xinghua City. In addition, a deposit of US$928,980 was set aside as guarantee deposit by the People's Court of Xinghua City and Xinghua City Municipal Finance Bureau.

During the current financial year, the above inventories and certain land use rights of the Group have been disposed of by the People's Court of Xinghua City. The proceeds from disposal were kept by the People's Court of Xinghua City and will be used to settle the Group's outstanding debts owing to several contractors/suppliers/employees. Besides, the guarantee deposit was also fully utilised to settle the Group's outstanding debts owing to several contractors/suppliers/employees. In January 2018, the proceeds has been distributed to certain contractors/suppliers/employees.

Subsequent to year end, NWETP entered into settlement agreements with 47 contractors/suppliers/employees, which reduced the claim against NWETP from RMB25.13 million to RMB17.40 million and recorded a gain of approximately RMB7.5 million from the settlement of the litigations and approximately RMB14.78 million has been paid to contractors/suppliers/employees.

(ii) On 18 March 2016, Novo Commodities Limited ("**NCL**") has received a Writ of Summons under an action commenced in the High Court of Hong Kong with respect to the outstanding other borrowings of US$10,940,000 (2016: US$10,938,453) provided by a strategic partner as disclosed in Note 22. The strategic partner claimed against NCL for the breach of a repayment agreement signed in June 2015, in which the outstanding other borrowings were not repaid in full by 20 December 2015. Accordingly, the strategic partner demand for the repayment of the outstanding other borrowings of US$10,940,000 together with the accrued interests. The accrued interests has been accrued for under accrued operating expenses (Note 24) as at the end of the reporting period.

On 27 April 2017, the High Court of Hong Kong ordered that all further proceedings in respect of the other borrowings be stayed upon the terms set out in a settlement agreement entered into between NCL and the strategic partner dated 4 February 2017 ("**Deed of Settlement**"). Pursuant to the Deed of Settlement, the strategic partner has agreed to accept the sum of US$10,940,000 as full and final settlement of its claim against NCL. NCL has paid to the strategic partner a total amount of US$5,500,000 during the current financial year. Under the Deed of Settlement, NCL shall settle the remaining balance of US$5,440,000 in six equal half-yearly instalments with the first and the last instalments payable on or before 30 June 2017 and 31 December 2019, respectively. Interest shall accrue and be payable on US$5,440,000 at the rate of 6% per annum from 1 January 2017.

Subsequent to the end of the reporting period, the Group has failed to make payment of the principal repayments totaling US$2,700,000 in their respective due dates which is due on or before 30 June 2018.

As at the date when these financial statements were approved for issue by the Board of Directors, the management is in negotiations with the strategic partner on the revised repayment terms of the outstanding other borrowings at 30 April 2017.

(iii) On 6 September 2016, China CITIC Bank International Limited (the "**Bank**") through its solicitor, issued a demand letter to NWETP claiming for immediate repayment for an aggregate amount of US$14,308,992, which includes the outstanding principal and accrued interests, in respect of the banking facilities granted by the Bank to NWETP. The Bank's legal advisers on 25 November 2016, informing the Group that an application has been submitted to the Intermediate People's Court of Taizhou City, Jiangsu Province, the PRC to wind up NWETP and to repay and settle all outstanding liabilities under the banking facilities in accordance with the applicable laws. The total outstanding bank loan was recorded under borrowings (Note 22).

On 18 August 2017, the Bank, Real Shine Capital Limited ("**RSCL**") and NWETP entered into a deed of assignment of loan and securities (the "**Assignment**"), pursuant to which the Bank agreed to assign to RSCL and RSCL agreed to accept the assignment of the aggregate principal amount and interest thereon owing by NWETP to the Bank from time to time under the banking facilities and all securities (the "**Loan**") provided to the Bank pursuant thereto.

Pursuant to the Assignment, within three business days from the date of the Assignment and the making of the prescribed payment by RSCL to the Bank upon the execution of the Assignment, the Bank shall be obliged to deliver to the Intermediate People's Court of Taizhou City its application to withdraw the winding-up petition and/or application against NWETP, and upon making such application, the Bank shall notify RSCL in writing and provide a copy of the relevant application documents to RSCL. The Company was informed by RSCL on 18 August 2017 that such application for withdrawal has been delivered by the Bank to the Intermediate People's Court of Taizhou City on 14 August 2017. Subsequently, the Intermediate People's Court of Taizhou City has approved the withdrawal pursuant to an order made 5 September 2017.

On 13 November 2017, RSCL and NWETP entered into a deed of settlement (the "**Deed of Settlement**"), pursuant to which RSCL agrees with NWETP to settle the outstanding aggregate principal amount of the Loan and interest accrued thereon of US$5,401,249 (HK$37,231,250) as of the date of the Deed of Settlement (the "**Indebtedness**") in the following manner:

(i) NWETP shall pay to RSCL a sum of US$3,075,548 (HK$21,200,000) within seven days after the date of the Deed of Settlement; and

(ii) NWETP shall pay to RSCL the balance of US$2,176,095 (HK$15,000,000) in four instalments of US$544,024 (HK$3,750,000) each, together with the interest on the total outstanding balance at an interest rate of 5% per annum, of which the first instalment shall be paid on the date falling the first business day after 12 calendar months from the date of the Deed of Settlement, and the second, third and fourth instalments shall be paid on the first business day of every consecutive four calendar months thereafter.

The aggregate amount for each of the first, second, third and fourth instalment (including the interest accrued) shall be US$652,829 (HK$4,500,000), US$564,425 (HK$3,890,625), US$557,624 (HK$3,843,750) and US$550,824 (HK$3,796,875), respectively.

Upon full payment of the Indebtedness made by NWETP in accordance with Deed of Settlement, RSCL shall irrevocably, unconditionally and absolutely releases and discharges NWETP from all or any obligations, liabilities, undertakings or claims in respect of the Indebtedness.

Pursuant to the Deed of Settlement, RSCL agreed to release each of the securities being assigned and/or transferred to it pursuant to the Assignment immediately upon it is legally and validly assigned and transferred to it by the Bank.

(iv) As disclosed in Note 13, the Group completed the disposal of TIANJIN SHIFA on 27 March 2017, the date which TIANJIN SHIFA ceased to be a subsidiary of the Group. However, a contractor is making claim of overdue construction costs amounting to US$246,868 or RMB1,701,684 against TIANJIN SHIFA and initiated a legal action in the People's Court of Tianjin on 30 March 2017. Pursuant to the addendum to the equity transfer agreement signed, the Group has agreed to set aside and deposited an amount of US$246,868 or RMB1,701,684 out of the total proceeds from the disposal into a notary account under custody of Tianjin City He Xi Notaries.

The legal adviser advised that there are reasonable grounds of defence but subject to decision by the People's Court of Tianjin.

The management is of the view that no further provision is necessary for any of the legal cases described above having considered the status of the legal cases and the opinions obtained from the legal advisers.

NOTE 31 (a) – FINANCIAL INSTRUMENTS (RELEVANT PART ONLY)

Categories of financial Instruments

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

	Group		**Company**	
		(Restated)		
	2017	**2016**	**2017**	**2016**
	US$	*US$*	*US$*	*US$*
Financial assets				
Loans and receivables				
Trade and other receivables	1,250,922	7,066,983	1,024,727	–
Cash and cash equivalents	6,888,251	9,778,425	5,115,800	20,802
Total loans and receivables	8,139,173	16,845,408	6,140,527	20,802
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	15,535,354	13,820,196	2,791,659	1,072,131
Borrowings	52,692,624	83,732,207	–	–
Total financial liabilities at amortised cost	68,227,978	97,552,403	2,791,659	1,072,131

NOTE 36 (vi) – SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (RELEVANT PART ONLY)

Pursuant to a letter dated 11 July 2018 (the "**Letter**") addressed to the Company and five of its subsidiaries (the "**Relevant Subsidiaries**"), New Page demanded the Company and the Relevant Subsidiaries to repay on or before 1 August 2018 (being the maturity date of the Loan Agreements (as defined below) a total sum of US$33,248,130, being the aggregate outstanding amount due from the Relevant Subsidiaries to New Page pursuant to various loan agreements entered into between each of the Relevant Subsidiaries and New Page between 2015 and 2016 (and as extended by various extension letters in 2017) (the "**Loan Agreements**").

The Group is in the course of seeking professional advices in relation to the matters mentioned in the Letter.