YORKSHINE HOLDINGS LIMITED
煋新控股有限公司*

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

ANNUAL REPORT 2018

* *For identification purpose only*

Contents

Corporate Profile

YORKSHINE GROUP has been a tinplate manufacturer and supplier as well as a global bulk commodities (iron ore, coal and steel products) trading and distribution company.

Group's Belief "**Strive Together; Share Together**"

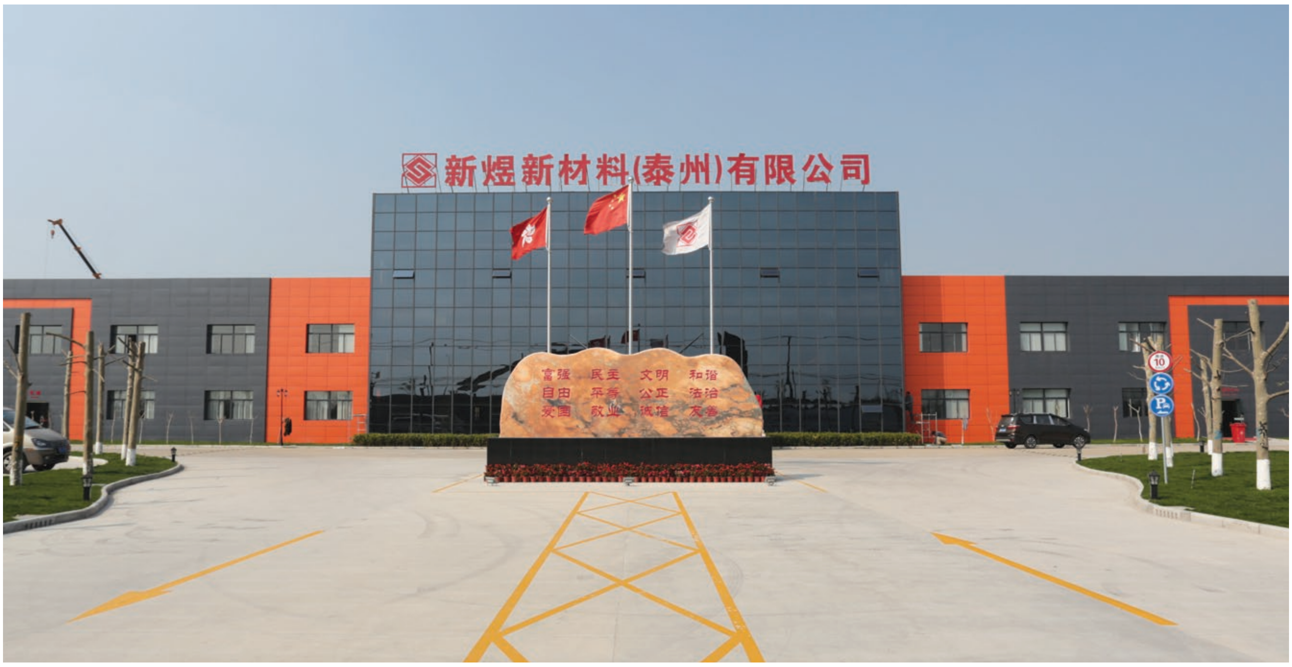
Our Management Philosophy "**People is the Core to our Success**"

YORKSHINE HOLDINGS LIMITED has been listed on the Main Board of the Singapore Exchange Securities Trading Limited since 2008 and dual-listed on the Main Board of the Stock Exchange of Hong Kong Limited since 2010 (Singapore Stock Code: MR8; Hong Kong Stock Code: 1048).

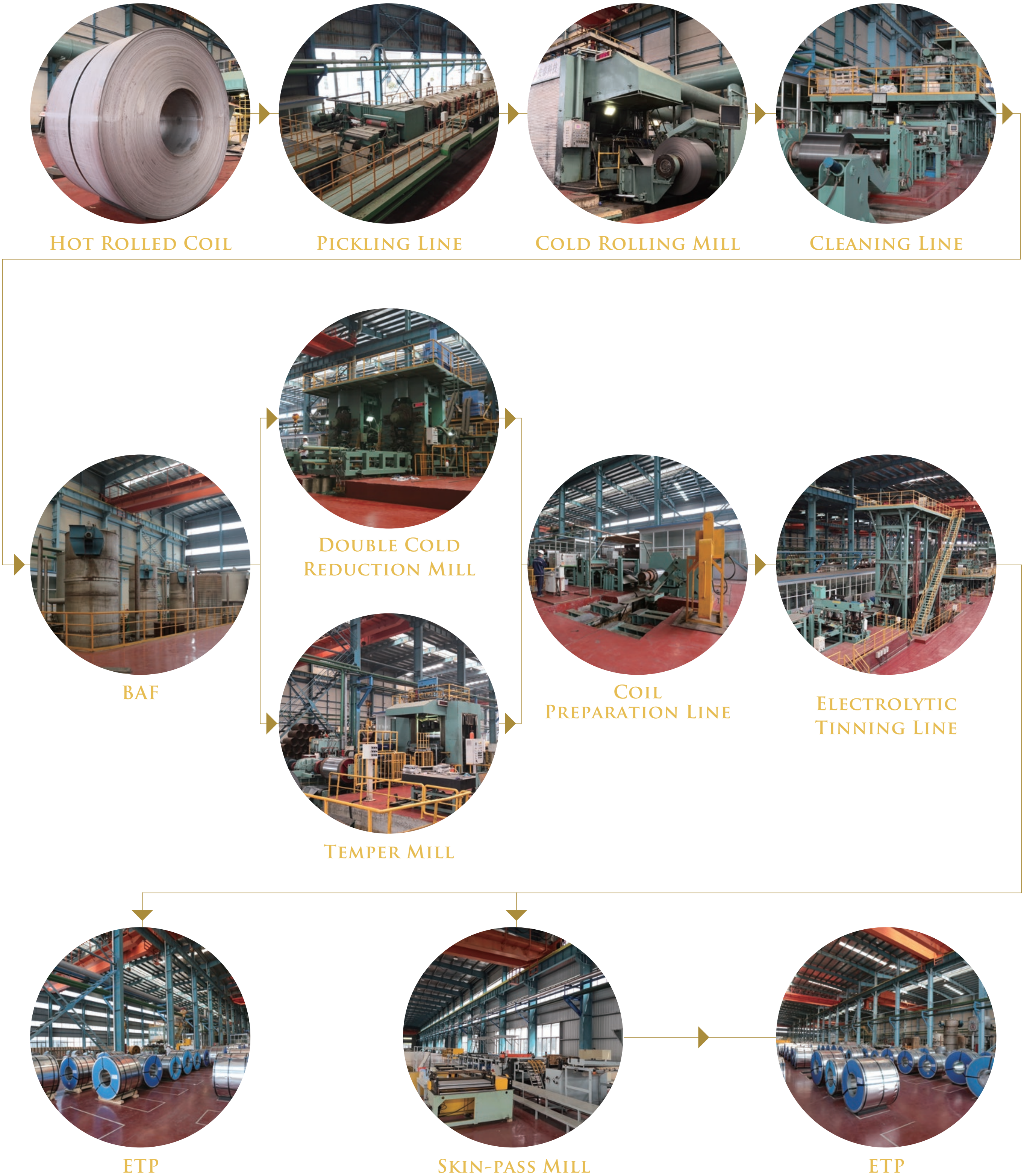
YORKSHINE is headquartered in Hong Kong with subsidiaries and branch offices located in different countries.

Tinplate Manufacturing

The Group has engaged in the tinplate manufacturing business since 2012. Located in Jiangsu, the tinplate manufacturing operation is principally engaged in manufacturing, sales and distribution of tinplate products. With a strong team of competent and experienced personnel, coupled with an indisputable technology, high-quality-level products as well as comparatively new machine and equipment, the Group has successfully strived to resume the operations of the plant in Taizhou ("**Taizhou Plant**") in May 2018.



TINPLATE MANUFACTURING PROCESS



Financial Summary

	Year ended 30 April	
	2018	2017
	US$' million	US$' million
Revenue	**–**	101.8
Other income	**12.1**	7.6
Gross profit	**–**	1.2
Loss attributed to equity holders of the Company	**12.2**	9.3
Loss per share (in US cents)	**6.38**	4.98
Total assets	**58.9**	69.7
Total liabilities	**68.4**	68.9
Net assets/(liabilities)	**(9.6)**	0.8
Total borrowings	**52.0**	52.7

FINAL DIVIDEND

The Board resolved not to propose any final dividend for the year ended 30 April 2018.

Human Capital and Business Strategy

Human Capital

Yorkshine recognises human resource as the Group's greatest assets and sees employee development as the cornerstone of the enterprise. Good talented staff naturally wants to advance, and in return sound employee development programs increase both loyalty and productivity. In past years, Yorkshine has implemented training programs and deploys resources to enhance employees' capabilities and fill in the need of its employees. To promote greater rapport and team spirit among colleagues, various recreation activities have been undertaken.

Working closely with its employees, Yorkshine will continue to nurture the human spirit and maximise the potential of our members. In return, the employees of Yorkshine will form a dynamic workforce and lead the enterprise towards success.

Business Strategy

We shall strive to achieve a disciplined growth while delivering greater value for Shareholders. In order to chart a path towards these goals, we are gearing our efforts to three strategic directions:

1. Adopting a disciplined capital allocation – Prudent approach to capital allocation is critical. We shall constantly review capital expenditure and investment plans so to manage a balanced business portfolio to optimise profitability.

2. Implementing cost management and improving operational performance – We shall continue to focus on cost reduction and operation efficiency while exploring all the opportunities to the effectively use the capacity of the tinplate manufacturing plant with speed and quality.

3. Opening up financing channels and asset allocation – We shall allocate resources to potentially growth business in order to create a balanced and growth portfolio. We shall invest in new business with profitable and stable income.

The Group will continue to refine its strategic plan based on the Group's needs and global market conditions.

Chairman's Statement

Zhu Jun
Executive Chairman and Executive Director

Dear shareholders,

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of Yorkshine Holdings Limited (the "**Company**") together with its subsidiaries ("**Yorkshine**" or the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended 30 April 2018 (the "**Year**").

Performance and Development

During the 2018 fiscal year ("**FY2018**"), the period from 1 May 2017 to 30 April 2018, there have been strong growth in major economic zones including China as a whole. Capital markets are active and commodity prices are surfing up. However, constant competition remains in global trade, together with the fast information flow has made the ecology of business operation more complicated. Owing from the problems brought forward by the fiscal year 2017 ("**FY2017**") and prior, the Group's annual revenue was zero during the Year. Please refer to the "Management Discussion and Analysis" section of this annual report for details.

The Group has effectively dealt with the management structure and related internal control issues in early 2018, including the removal of Mr. Chow Kin Wa ("**Mr. Chow**") as the chief executive officer of the Company and the suspension of Mr. Chow's directorship in the Company in January 2018. Afterwards, Mr. Chow resigned as a director of the Company in February of the same year.

For a period of consecutive 15 months starting from early 2017, I stationed in the Taizhou factory to get problems fixed. Through innovative thinking and resources optimisation, including debt restructuring of the Taizhou Plant of the Group, divesting bad assets, conducting changes in operation to increase its vitality and productivity. Under the support and leadership of the Board of Directors, the teams carried out a series of maintenance and upgrade in technique for production and operation of the Taizhou Plant. The Taizhou Plant has successfully resumed commercial production in May 2018, the commencement of the 2019 fiscal year ("**FY2019**").

Under our leadership, the manufacturing business of the Taizhou Plant was revitalised with new opportunities and landscape. As the proverbs says "Prosperous Year comes after the Heavy Snows", Group should have gone through the toughest period of time. Bearing in mind past experience, moving forward, the Board of Directors will strengthen the internal control of the Group. SHINEWING Risk Services Limited was appointed to conduct internal control reviews of the Group in mid of 2018 in order to move forward under continuous improvement.

"God Rewards Hard Work for a Brighter Future". The Group is working hard to find breakthroughs and new growth drivers. Together with the support of the Taizhou Xinghua City Municipal People's Government, the Board of Directors will proactively attend to the development of the new materials industry, firmly grasp the economic development opportunities driven by consumption and China continuous development. Under the various national measures of economic reform and national initiatives, we will continue to explore new methods, new thoughts, and new ways, so as to create new profit models to enhance the Group's competitiveness, profitability and sustainability.

Outlook and Prospects

At the 19th National Congress, the Central Government reaffirmed the need to deepen economic and financial reforms, and accelerated the development of the concepts on the "One Belt; One Road" and the construction of Greater Bay Area, as well as the economic strategy of rebalancing supply-side planning. In particular, the concept of Greater Bay Area has been greatly promoted and highly valued by the Central Government. It is beneficial to the strengthening and promoting the China-Hong Kong trade, financial platforms and the economy integration.

I strongly believe that 2019 will be the year for the Group's business development in terms of technology and management as well as a key year for the Group to deepen the reform and innovation.

The Board has vision and full confidence in future development in Mainland China. With the belief and initiative in mind, the Board believes that under quality and efficiency business philosophy and with the aim of maximising the interests of shareholders, we will lead the employees of the Group to work together to create a better future for the Group and a dazzling economic achievements. We are striving to become a first-class new materials supplier in Mainland China. We always prepare to sharpen our saw to strive and to establish a sustainable foundation for growth.

Under the US protectionism and trade wars, there are uncertainty and concerns in the global economic market The Group has to remember the lessons in the past to progress through various challenges.

Sincere Thanks

Lastly, I would like to take this opportunity to express my gratitude to all shareholders, customers, suppliers and business partners for their support and trust. I wish to convey my sincere thanks to the Board, the management team and all staffs for their hard work and contribution to the Group. Under all the heartedly support of a united team, I believe the Group can create a better tomorrow for all. Thank you.

Zhu Jun
Executive Chairman and Executive Director

For the Year ("**FY2018**"), the Group was principally engaged in manufacturing, sales and distribution of tinplate and related products for metal packaging industry in the People's Republic of China (the "**PRC**"). The trading and distribution business has been temporarily suspended during the Year while the tinplate processing business was disentangled at the end of FY2017.

The business segments for the FY2018 and FY2017 were summarised as below:

	Business Segments	Remarks
(a)	tinplate manufacturing ("**Tinplate Manufacturing business**")	Started revitalisation in late FY2015. Resumed production in May 2018, beginning of FY2019.
(b)	trading of iron ore, coal and steel products across the globe ("**Trading & Distribution business**")	Temporarily suspended the trades throughout FY2018.
(c)	tinplate processing ("**Tinplate Processing business**")	Disentangled the segment by disposing of equity interests on 27 March 2017, late FY2017.

FINANCIAL REVIEW

RESULTS OF THE YEAR

Revenue and Gross Profit

There was no revenue recorded during the Year due to (a) the Tinplate Manufacturing business which was suspended during the financial year ended 30 April 2015 ("**FY2015**") has been undergoing the process of revitalisation; and (b) the Trading & Distribution business of the Group has been temporarily suspended.

The Tinplate Manufacturing business has resumed its operations in May 2018.

Full details about the suspension of the Trading & Distribution business have been announced on 14 August 2017, 24 August 2017, 28 August 2017, 18 September 2017, 4 October 2017, 31 October 2017, 31 December 2017 and 19 January 2018.

Other Income

Other income for the Year was US$12.1 million (2017: US$7.6 million), mainly comprised of (i) a one-time gain of US$10.4 million resulted from the assignment of a loan obligation and (ii) the reversal of provision on litigation settlement no longer necessary of US$1.3 million.

Distribution and Selling Expenses

There was no distribution and selling expenses for the Year incurred as a result of the temporarily suspension of the Group's Trading & Distribution business.

Administrative Expenses

Administrative expenses for the Year was US$20.0 million (2017: US$8.7 million), with a net increase of US$11.3 million. The Group has been cautious in keeping the administrative expenses stable and under control. The year-on-year increases were mainly due to a US$12.6 million impact in depreciation and a non-recurring provision for impairment related to property, plant and equipment ("**PPE**") as described below:

The Group has conducted a review of its plant and machinery against the industry benchmark in terms of technology change, deterioration, utilisation, limitations on usage, etc. and have decided to revise the useful life of certain plant and machinery from 30 years to 20 years. The revision of the estimated useful life applied on a prospective basis from the beginning of the financial year, i.e. 1 May 2017. Accordingly, an increase in depreciation of US$0.9 million for the PPE was recorded.

During the Year, a review of the recoverable amounts of the PPE of the Group as at 30 April 2018 was carried out. An impairment loss totaling US$11,720,000 was recognised in the Group's profit or loss under administrative expenses line items for the financial year ended 30 April 2018. The recoverable amount of the PPE relating to Yorkshine New Material (Taizhou) Limited ("**YNMT**"), the major operating subsidiary, was determined based on its value-in-use and the pre-tax discount rate used was 14%. When comparing with the net carrying value of YNMT's PPE US$52,644,000, an impairment loss of US$9,920,000 was required. Another impairment loss of US$1,800,000 was recognised in respect of a disposal after the reporting period of equity interest of Xing Hua City Daduo Sewage Treatment Co., Ltd. ("**XHDD**") in September 2018.

Other Expenses

Other expenses for the Year was US$1.7 million (2017: US$5.9 million). The fluctuation was mainly due to foreign exchange gain of US$1.3 million in FY2018 versus a corresponding loss of US$3.8 million in FY2017.

Finance Costs

Finance costs for the Year was US$3.8 million (2017: US$4.5 million), of which US$2.9 million (2017: US$4.2 million) was the deemed interest expenses on interest-free loans due to the former immediate and ultimate holding company.

Loss for the Year

In the absence of revenue generation and together with impairment loss of US$11,720,000 on PPE during the Year, the Group has incurred a net loss of US$13.4 million (2017: US$9.5 million).

Liquidity and Financial Resources

Cash & Cash Equivalents

Total cash and cash equivalents of the Group were US$1.3 million as at 30 April 2018, a reduction of US$5.6 million, compared to US$6.9 million as at 30 April 2017.

Cash Flows

(a) *Cash used in operating activities*

Net cash of US$8.6 million has been used in operating activities, including a net increase of US$1.0 million in working capital covering increase in inventory (cash outflow), increase in trade and other receivables (cash outflow) and increase in trade and other payables (cash inflow).

(b) *Cash used in investing activities and financing activities*

During the Year, the Group has used US$3.5 million cash in investing PPE and a new subsidiary. Additional cash advances totally US$9.0 million from a director, related parties and the immediate and ultimate holding company to support the operations of the Group. Total equity attributable to equity holders of the Company was at a deficit of US$12.6 million and has been relying on the financial support from the Golden Star Group Limited and Mr. Zhu Jun, the ultimate controlling party of the Group.

On 15 April 2019, the Group transferred two subsidiaries, namely Novo Commodities Limited ("**NCL**") and Novo Overseas Holdings Pte. Ltd. ("**NOHPL**") to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company at a consideration of HK$780 (the "**Disposal**"). Upon completion of the Disposal, each of NCL and NOHPL ceased to be a subsidiary of the Company, approximately US$36.8 million net liabilities will be taken out from the Group and the Group's financial position will turn back to net assets.

Borrowings

During the previous financial year in FY2017, the Group has repaid part of its interest bearing loans and in FY2018, the Group has made arrangement to assign a loan to reduce borrowing interest burden while going on running the core business efficiently. Total borrowings amounted to US$52.0 million (2017: US$52.7 million). Total liabilities was US$68.4 million (2017: US$68.9 million), of which US$13.2 million (2017: US$4.2 million) contributed from the support from the Golden Star Group Limited and Mr. Zhu Jun, the ultimate controlling party of the Group and related parties.

As at 30 April 2018, certain assets of the Group have been pledged to banks and Real Shine Capital Limited as securities against borrowings granted to the Group. Please refer to Note 23 to the financial statements for more details.

Gearing

The gearing ratio, calculated as a percentage of total liabilities to total assets as at 30 April 2018, was 116.2 (2017: 98.9)

As at 30 April 2018, the Group's current liabilities exceeded the current assets by US$57.6 million (2017: US$22.7 million) due to the reclassification of US$32.3 million of borrowing non-current to current liabilities.

In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future with the commitment of financial assistance from Golden Star Group Limited and Mr. Zhu Jun.

Foreign Exchange Exposure

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

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

The management monitors foreign exchange exposure from time to time and will further consider hedging significant foreign currency exposure should the need arise. No foreign currency contracts were outstanding as at 30 April 2018 and 30 April 2017.

The Group will continue to allocate funds for development of product portfolio, enhancement of capacity efficiency, broadening customer basis, capturing sales and market opportunities.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

During the Year, capital expenditure of the Group was US$2.5 million (2017: US$1.1 million).

As at 30 April 2018, the Group had no material capital commitment or contingent liability (2017: US$7.8 million).

BUSINESS REVIEW AND OUTLOOK

BUSINESSES REVIEW

The Group has engaged in the Tinplate Manufacturing business since 2012. Located in Jiangsu, the Tinplate Manufacturing segment with its Taizhou plant is principally engaged in manufacturing, sales and distribution of tinplate products. With a strong team of competent and experienced personnel, coupled with an indisputable technology, high-quality-level products as well as comparatively new machine and equipment, the Group has successfully strived the resumption of the operations of the plant in Taizhou in May 2018.

Outlook

Tinplate products are widely used in packaging material such as processed food and beverage, paints, aerosols, cooking oil and cover/lid/shell of different types of containers. Tinplate products are non-toxic, highly resistance to corrosion, able to preserve food better by blocking light as oxidant and also with high recyclability. The stringent environmental rules in mainland China have forced unqualified factories closure since 2018 which has significantly lowered the supply of tinplate products in PRC and export. Since the inception of revitalisation, the Taizhou Plant has been designed with the proper consideration on environmental protection. A 3-year sewage disposal license was granted on 18 December 2018 by the Taizhou City Environmental Protection Bureau which enable the Taizhou Plant to expand its value chain on a critical process – the "pickling" for the raw steel. Taizhou Plant is highly recognised by the Government of Xinhua City, Taizhou in Jiangsu province.

Demand has also been growing with the increasing use of tinplate to replace the non-degradable packages and also as substitutes to overcome the current dis-advantages in using PET material for (e.g. for cooking oil). Furthermore, the increasing consumption of canned food together with the growth of e-commerce purchases on canned food all over the world compounded the growth in demand of tinplate products.

With the support of our Executive Chairman, Mr. Zhu Jun, the Company considers its Tinplate Manufacturing business having enormous growth potential and becoming the key revenue driver of the Group.

In spite of the suspension of operation of the Taizhou Plant, the Group has laid down strong foundations throughout the chain of steel product manufacturing and has established a strong presence and will continue to have a strong influence in the steel industry. The Company will consider to resume the Trading & Distribution business, which is under suspension, should market and economic conditions prevail.

The Group will actively explore and identify more meaningful investment and other business opportunities riding on the "One Belt; One Road", the construction of Greater Bay Area and the high growth in Mainland China.

Human Resources

The Group had employed 117 employees (2017: 147) in Hong Kong and the PRC as at 30 April 2018. Employee costs, excluding directors' emoluments, were approximately US$2.5 million (2017: US$2.2 million). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible employees based on their performance and contribution to the Group. The Group did not experience any significant labor disputes that led to any disruption of its normal business operations.

Board of Directors

The updated information relating to the directors (the "**Directors**") of Yorkshine Holdings Limited is set out below. Save as disclosed below, there is no financial, business, family or other material/relevant relationship among the Directors. The change of Directors' information pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**" and the "**HK Listing Rules**", respectively) since the Company's last published interim report is set out in the paragraph headed "Change of Information relating to Directors" in the middle of this section:

Executive Directors

Mr. Zhu Jun ("Mr. Zhu"), aged 59, the executive Chairman and an executive Director, was appointed on 30 October 2015. Mr. Zhu also holds directorships in most of the subsidiaries of the Company. He is responsible for formulating the strategic directions, expansion and overall business development plans of the Group. He is also a director and the sole shareholder of Golden Star Group Limited, which is the controlling shareholder of the Company. Mr. Zhu has been a World Fellow of The Duke of Edinburgh's International Award since 2014. He holds a bachelor's degree from the Beijing Agricultural Engineering University and studied at Guangdong Academy of Social Sciences from 1988 to 1990. He is undertaking a postgraduate study in the facility of Economics of Beijing University. Since 30 October 2015, he has been the chairman of the nominating committee (the "**Nominating Committee**") and a member of the remuneration committee (the "**Remuneration Committee**") of the Company.

Ms. Wang Jianqiao ("Ms. Wang"), aged 31, an executive Director, was appointed on 30 October 2015. Ms. Wang holds directorships in certain subsidiaries of the Company. She is a director of Golden Star Group Limited, which is the controlling shareholder of the Company. She had worked for large enterprises including the Finance Shared Service Center of the Baosteel Group in 2012 and Ping An Bank between 2013 and 2015. Ms. Wang served as a vice president of Xinxing Investment Group in 2014 and was appointed as a director for its group companies. She holds a bachelor's degree in Management from the Shanghai Finance University. She holds (i) an Executive Master of Business Administration program of Shanghai Jiao Tong University; and (ii) an Executive Master of Business Administration of KEDGE Business School. She has also been awarded 2017 outstanding graduate of Antai College of Economics and Management of Shanghai Jiao Tong University.

Mr. Lei Yonghua ("Mr. Lei"), aged 40, an executive Director, was appointed on 21 March 2019. Mr. Lei is currently the General Manager of YNMT, an indirect subsidiary of the Company. Mr. Lei graduated from Jiaozuo Institute of Technology (Now known as Henan Polytechnic University) with a bachelor degree in heat energy and power engineering. He has 15 years of experience in tinplate industry. Mr. Lei had been the head of production, chief engineer, and the head of sales of a number of sizeable entities. Mr. Lei joined YNMT as Sales Director in May 2018. Prior to joining YNMT, Mr. Lei has been the chief engineer, sales director and deputy general manager of a packaging product company in Tianjin responsible for its new set up and he has successfully built the sales team and set up proper distribution channel for the company.

NON-EXECUTIVE DIRECTOR

Dr. Ouyang Qian ("Dr. Ouyang"), aged 63, the non-executive Director, was appointed on 13 February 2017. He was appointed as a director of China National Travel Service (HK) Group Corporation in January 2018. He has been nominated by State-owned Assets Supervision and Administration Commission of the State Council as an independent director of China National Cereals, Oils and Foodstuffs Corporation. Before that, he served as the chairman of supervisory board of China CITIC Bank Corporation Limited ("**China CITIC Bank**") from August 2013 till October 2015. He held various positions in China CITIC Bank during the period from 1988 to 2015. Dr. Ouyang graduated from Tsinghua University, Beijing in 1982, with a bachelor of science degree majoring in engineering. He obtained a doctor of philosophy degree at University of Manchester, England in 1988. During his tenure with China CITIC Bank, he was responsible for research and design of its internal risk control system, foreign exchange transactions, bond transactions, gold trading and management of asset portfolio investment. Dr. Ouyang is also a member of the risk committee of Darby Asian Mezzanine Fund. He has been a member of the Remuneration Committee since 13 February 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS (THE "INEDS")

Mr. Tang Chi Loong ("Mr. Tang"), aged 50, was appointed as an INED on 1 July 2009. He graduated from the Law faculty of the National University of Singapore and is an advocate and solicitor of the Supreme Court of Singapore. Mr. Tang has been a practising lawyer for more than 20 years with experience in diverse areas of the law. He is currently a partner of a law firm, Hin Tat Augustine and Partners, overseeing the insurance law department of the firm. Since 29 April 2016, Mr. Tang has ceased to act as a director of Sinjia Land Limited (formerly known as HLN Technologies Limited), a company listed on Singapore Exchange Securities Trading Limited. Since 1 July 2009, he has been the chairman of the Remuneration Committee and a member of the audit committee of the Company (the "**Audit Committee**"). He was re-designated from the chairman to a member of the Nominating Committee on 30 October 2015.

Mr. Foo Teck Leong ("Mr. Foo"), aged 53, was appointed as an INED on 1 April 2010. Mr. Foo graduated from the National University of Singapore with a degree of Accountancy in 1989 and obtained a Master of Business Administration degree from The University of Manchester, the United Kingdom in 2004. Mr. Foo has been a member of the Institute of Singapore Chartered Accountants since 1994. Mr. Foo currently manages a business consultancy firm Red Dot Consult Pte. Ltd. and holds directorship in several privately held companies. He has been the chairman of the Audit Committee since 19 November 2010, and a member of the Remuneration Committee and the Nominating Committee since 1 April 2010.

Mr. William Robert Majcher ("Mr. Majcher"), aged 56, was appointed as an INED on 27 November 2015. Mr. Majcher holds a bachelor's degree in Commerce from St. Mary's University, Halifax, Nova Scotia, Canada. With over 30 years of experience in public service, international finance and capital markets, he is recognised as an expert on money laundering in the United States Federal Court for the Southern District of Florida and the Supreme Court of British Columbia and the Ontario Superior Court of Justice in Canada. Mr. Majcher is currently an independent non-executive director of (i) Evolving Gold Corporation (a company listed on both the Canadian Stock Exchange with stock code: EVG and the Frankfurt Stock Exchange with stock code: EV7), and (ii) VBG International Holdings Limited (a company listed on GEM of the SEHK with stock code: 8365). Mr. Majcher has resigned as (i) an independent non-executive director of Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited) (a company listed on GEM of the SEHK with stock code: 8020) with effect from 31 May 2018; and (ii) an independent non-executive director of CCT Land Holdings Limited (a company listed on the Main Board of the SEHK with stock code: 261) with effect from 29 February 2016. Since 27 November 2015, he has been a member of each of the Audit Committee, Remuneration Committee and Nominating Committee.

CHANGE OF INFORMATION RELATING TO DIRECTORS

Changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules, are set out below:

Name of Directors	Details of change
Dr. OUYANG Qian	• Appointed as a director of China National Travel Service (HK) Group Corporation in January 2018.
Mr. ZHU Jun	• On 30 October 2018, the Company has renewed the service agreement with Mr. ZHU Jun for a term of three years under the same terms and conditions which shall take effect upon expiration of the original service agreement on 29 October 2018.
Ms. WANG Jianqiao	• On 30 October 2018, the Company has renewed the service agreement with Ms. WANG Jianqiao for a term of three years under the same terms and conditions which shall take effect upon expiration of the original service agreement on 29 October 2018.
Mr. LEI Yonghua	• On 21 March 2019, the Company has entered into a service agreement with Mr. LEI Yonghua for a term of three years.

Upon specific enquiries made by the Company on the current Directors and their confirmations, save as otherwise set out in this annual report, there are no other changes in the directors' information required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules since the Company's last published interim report.

TRAINING AND CONTINUING DEVELOPMENT OF DIRECTORS

The Directors are responsible for their own training needs and reported to the Company whereas the Company provides suitable training materials for the Directors at the Company's expenses. The newly appointed Directors will receive appropriate induction training and coaching to develop individual skills as required. The Group provides extensive background information about its history, mission and values to the Directors. During the year ended 30 April 2018, all Directors have complied with code provision A.6.5 of the HK CG Code to participate in continuous professional development to develop and refresh their knowledge and skills by attending seminars, in-house briefings or reading materials on the following topics:

	Topics of training covered Note
Executive Directors	
Mr. Zhu Jun	1, 2, 4
Mr. Chow Kin Wa (removed as the CEO on 19 January 2018 and resigned as an executive Director on 2 February 2018)	1, 2, 4
Ms. Wang Jianqiao	1, 2, 4
Non-executive Director	
Dr. Ouyang Qian	1, 2, 4
INEDs	
Mr. Foo Teck Leong	1, 2, 3
Mr. Tang Chi Loong	1, 2, 5
Mr. William Robert Majcher	1, 5, 6

Note:

(1) Corporate governance
(2) Regulatory updates
(3) Finance and accounting
(4) Industry updates
(5) Legal
(6) Money laundering

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

Most of the Directors including Mr. Lei Yonghua, the executive Director who was newly appointed on 21 March 2019, the Chief Financial Officer of the Company and the internal audit manager of the Group have attended a condensed refreshment course on "Outline of Responsibilities of Directors of Listed Companies" conducted by Company's legal counsel on 3 April 2019. Going forward, the Company will continue to organise more trainings to the current Directors to develop and refresh their knowledge and skills as a director of a company listed in Hong Kong and Singapore.

Key Management Personnel

As at the date of this report, the key management personnel of the Group are as follows.

Mrs. Fung Lui Kit Har, **Keziah**, aged 58, the Chief Financial Officer and Company Secretary of the Company appointed on 2 August 2018 and 1 March 2019 respectively. Mrs. Fung obtained a Professional Diploma in Management Accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and holds a Master degree in Business Administration from the Hong Kong Polytechnic University. She has 30 years of experience in Finance for listed and various multinational corporations and over 10 years' experience in Hong Kong company secretarial practice. Mrs. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA), a fellow member of the Chartered Institute of Management Accountant (FCMA), associate member of the Hong Kong Institute of Chartered Secretaries (ACS)/The Chartered Institute of Company Secretaries and Administrators (ACIS). She is also qualified as a Chartered Global Management Accountant (CGMA) and a Corporate Governance Professional (CGP).

Mr. Hong Jiansheng, aged 40, Director of Marketing and Sales Department of YNMT since April 2018. He has more than 16 years of experience in procurement and sales. Mr. Hong is familiar with the supply, processing and distribution of electronic materials, sales of materials for tin cans printing industry/deep processing transit/sales of tinplate products etc. He excels at procurement, customer development, marketplace maintenance and sales management.

Mr. Li Wei, aged 31, Director of Production of YNMT since June 2017. Mr. Li has ample experience in full process management of tinplate production, including equipment maintenance/technical change to installation and modification of electrolytic tinning line.

Ms. Liu Jia, aged 31, Director of Administration and Human Resources of YNMT since June 2017. Ms. Liu has in-depth knowledge of the company's history, culture and personnel, and combined with human resources management expertise, gives full play to the function of support to the department.

Mr. Wang Xiaoning, aged 46, Financial Controller of YNMT since January 2019. He graduated from Jiangsu Broadcast Television University, major in Accounting. Mr. Wang is a China CPA and an International Internal Auditor. Mr. Wang has over 20 years relevant experience in accounting. He has held position as finance manager and financial controller in a number of sizeable enterprises. Mr. Wang has an in-depth knowledge in the manufacturing development.

Mr. Wen Fangyuan, aged 27, Director of the Legal Department of YNMT since September 2018. Mr. Wen holds a Master of Law Degree from Guangzhou University. He worked as a lawyer in Guangdong Kingbridge Law Firm. Mr. Wen holds a concurrent post of Legal Controller in Jiaoyibao Cross-border Settlement Technology Company Ltd.

Mr. Xu Shuhang, aged 46, Director of Technical Quality Department of YNMT since December 2017. Mr. Xu has worked as section head of technical in HBIS Group. He has extensive experience in packaging material equipment technology management, metal products production and quality management.

During the Year, the following persons were key management personnel of the Group but have left the Group as at the date of this report.

Mr. Chiu Tun, Steven, aged 31, General Manager of Investment Department until 17 December 2018.

Mr. Chung Man Wai, aged 48, the Chief Financial Officer of the Company for the period from 24 January 2018 to 1 August 2018.

Mr. Jiang Yongxiang, aged 54, Financial Controller of YNMT during August 2017 to January 2019.

Mr. Zhang Qiyan, aged 41, Vice General Manager of YNMT during September 2017 to February 2019.

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of YORKSHINE HOLDINGS LIMITED (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to present this Corporate Governance Report ("**CG Report**") in the Group's annual report for the year ended 30 April 2018 (the "**Year**").

Corporate Governance Practices

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

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

This CG Report is basically organised according to the sequence of the SG CG Code in four major headings and 16 sub-headings and principles and a number of guidelines as summarised below:

I. BOARD MATTERS

• The Board's Conduct of Affairs	Principle 1	Guidelines 1.1 to 1.7
• Board Composition and Guidance	Principle 2	Guidelines 2.1 to 2.8
• Chairman and the Chief Executive Officer	Principle 3	Guidelines 3.1 to 3.4
• Board Membership	Principle 4	Guidelines 4.1 to 4.7
• Board Performance	Principle 5	Guidelines 5.1 to 5.3
• Access to Information	Principle 6	Guidelines 6.1 to 6.5

II. REMUNERATION MATTERS

• Procedures for Developing Remuneration Policies	Principle 7	Guidelines 7.1 to 7.4
• Level and Mix of Remuneration	Principle 8	Guidelines 8.1 to 8.4
• Disclosure on Remuneration	Principle 9	Guidelines 9.1 to 9.6

III. ACCOUNTABILITY AND AUDIT

• Accountability	Principle 10	Guideline 10.1 to 10.3
• Risk Management and Internal Controls	Principle 11	Guidelines 11.1 to 11.4
• Audit Committee	Principle 12	Guidelines 12.1 to 12.9
• Internal Audit	Principle 13	Guideline 13.1 to 13.5

IV. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

• Shareholder Rights	Principle 14	Guideline 14.1 to 14.3
• Communication with Shareholders	Principle 15	Guidelines 15.1 to 15.5
• Conduct of Shareholders' Meetings	Principle 16	Guidelines 16.1 to 16.5

The HK CG Code sets out the principles of good corporate governance, and two levels of recommendations: (a) code provisions ("**CP**") which the Company have to either comply or explain; and (b) recommended practices ("**RBP**"). The table below summarises the areas covered as follows:

A.	**DIRECTORS**		
A.1	The Board	CP A.1.1 to A.1.8	
A.2	Chairman and Chief Executive	CP A.2.1 to A.2.9	
A.3	Board Composition	CP A.3.1 to A.3.2	
A.4	Appointments, Re-election and Removal	CP A.4.1 to A.4.3	
A.5	Nomination Committee	CP A.5.1 to A.5.6	
A.6	Responsibilities of Directors	CP A.6.1 to A.6.8	
A.7	Supply of and Access to Information	CP A.7.1 to A.7.3	
B.	**REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION**		
B.1	The Level and Make-up of Remuneration and Disclosure	CP B.1.1 to B.1.5	RBP B.1.6 to B.1.9
C.	**ACCOUNTABILITY AND AUDIT**		
C.1	Financial Reporting	CP C.1.1 to C.1.5	RBP C.1.6 to C.1.7
C.2	Risk Management and Internal Control	CP C.2.1 to C.2.5	RBP C.2.6 to C.2.7
C.3	Audit Committee	CP C.3.1 to C.3.7	RCP C.3.8
D.	**DELEGATION BY THE BOARD**		
D.1	Management Functions	CP D.1.1 to 1.4	
D.2	Board Committees	CP D.2.1 to D.2.2	
D.3	Corporate Governance Functions	CP D.3.1 to D.3.2	
E.	**COMMUNICATION WITH SHAREHOLDERS**		
E.1	Effective Communication	CP E.1.1 to E.1.4	
E.2	Voting by Poll	CP E.2.1	
F.	**COMPANY SECRETARY**	CP F.1.1 to F.1.4	

Cross references have been made and/or additional information has been given, as appropriate, with reference to the HK CG Code.

During the Year, the Group has complied with the applicable principles and guidelines in the SG CG Code and deviations from the SG CG Code, if any, have been explained in this CG Report.

In addition, the Group has also complied with most of the CPs and have taken the liberty to comply with certain RBPs under the HK CG Code. Deviations from CPs A.2.1 and C.1.2, also Guideline 2.2 of the SG CG Code in part or in whole have been explained in this CG Report.

The Board engaged an independent consulting firm to perform an internal control review of the Group, which covered the internal control system of the Group in force during the Year. Please refer to the paragraph headed "Internal Control Review" below in this CG Report for the findings of such review.

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

I. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1:

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

RESPONSIBILITIES OF THE BOARD

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

The Board is responsible for:

- providing guidance and leadership for corporate and strategic directions of the Group;
- reviewing the financial performance of the Group;
- providing guidance to overall management of the businesses and affairs of the Group;
- setting up broad policies and financial objectives of the Company;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of Directors and appointments of key personnel;
- reviewing and approving investments, mergers and acquisition and disposal transactions;
- approving annual budgets and major funding proposals;
- reviewing the performance of management;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- assuming the responsibility for corporate governance as set out CP D.3.1 of the HK CG Code and the SG CG Code.

RESPONSIBILITIES OF DIRECTORS

Each of the current Directors during the Year understands his/her responsibilities as a director of the Company and its conduct, business activities and development pursuant to CP A.6 of the HK CG Code. Non-executive Directors understand they have the same duties of care and skill and fiduciary duties as executive Directors.

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

Delegation by the Board

Delegation by the Board relating to: (a) management functions; (b) Board committees; and (c) corporate governance functions is provided for under CP D.1 to D.3 of the HK CG Code respectively.

Matters Reserved for the Board's Decision/Management Functions

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

BOARD COMMITTEES

To facilitate effective management, certain functions have been delegated to various Board committees, namely the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**"), each of which has its own written terms of reference and whose actions are reported to and monitored by the Board. The effectiveness of each committee is also constantly monitored. All Board committees' terms of reference are available on the respective websites of the Company and the SEHK.

Independent non-executive Directors ("**INED**" or "**INEDs**") exercise non-management functions in the Group. Although all Directors have equal responsibility for the performance of the Group, the role of the INEDs is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined and take account of the long-term interest, not only of the Shareholders but also of other stakeholders.

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

BOARD AND BOARD COMMITTEE MEETINGS

The Board

The Board has scheduled to meet at least four times a year at approximately quarterly intervals. In addition, the Board holds meetings at such other time as may be necessary to address any specific significant matters that may arise. Some important matters concerning the Group are also put to the Board for its decision by way of written resolutions. During the Year, matters involving conflict of interest of directors or a substantial shareholder and also matters considered by the Board as material have been dealt with by physical board meeting rather than by way of written resolutions and that the matters have been dealt with by INEDs who, and whose close associates, have no material interest in the transaction would be present at that board meeting (CP A.1.7 of the HK CG Code). The Company's articles of association (the "**Constitution**") allows the meetings of Directors to be conducted by means of telephone conference or video conference or other similar communications equipment. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Meetings and Agenda

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

Notice of regular Board meetings is served to all Directors at least fourteen days before the meeting. For the meetings of the Board committees, notice is served to the members of the respective committees at least seven days before the meeting or such shorter notice as may be agreed by the members.

The agenda of the Board meetings are prepared in consultation with the executive chairman of the Board (the "**Executive Chairman**"). The agenda of the Board committees' meetings are prepared in consultation with the respective chairman of the Board committees. Directors are given an opportunity to include matters in the agenda for regular Board meetings (CP A.1.2 of the HK CG Code). Board papers or Board committee papers together with all appropriate, complete and reliable information are sent to all Directors or the members of respective Board committees at least 3 days before each Board meeting or Board committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Chairman has made the best endeavor to ensure that all Directors are properly briefed on issues arising at Board meetings (CP A.2.2 of the HK CG Code). The Board and each Director also have separate and independent access to the senior management where necessary.

Directors and at least one of the company secretaries of the Company (the "**Company Secretaries**" or "**Company Secretary**") (or their representatives) attend all regular Board meetings and where necessary, other Board and Board committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. Senior management of the Group is invited to attend Board meetings to provide updates on operational matters where appropriate.

The Constitution contains provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving contracts or arrangements or other proposals in which such Directors have any direct or indirect interest.

Minutes (and written resolutions passed by the Directors and, as the case may be, the members of Board committees) of Board meetings and meetings of Board committees have been kept by the Company Secretary and were available for inspection at any reasonable time on reasonable notice by any Director (CP A.1.4 of the HK CG Code).

Minutes (and written resolutions passed by the Directors and, as the case may be, the members of Board committees) of Board meetings and meetings of Board committees have been recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes are sent to all Directors (or, as the case may be, members of Board committees) for their comment and records respectively, within a reasonable time after the Board meeting is held (CP A.1.5 of the HK CG Code).

The Company has arranged appropriate insurance cover in respect of legal action against its Directors (CP A.1.8 of the HK CG Code).

Directors' Attendance Records

During the Year, four regular Board meetings were held for reviewing the operation performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each Director at the meetings of the Board, the AC, the NC and the RC during the Year are set out below:

	Board	AC	NC	RC
Number of Meetings held during the Year	**4**	**4**	**1**	**1**
Executive Directors				
Zhu Jun	4/4	–	1/1	1/1
Chow Kin Wa (Note 1)	–	–	–	–
Wang Jianqiao	4/4	–	–	–
Non-executive Director				
Ouyang Qian	4/4	–	–	1/1
Independent Non-executive Directors				
Tang Chi Loong	4/4	4/4	1/1	1/1
Foo Teck Leong	4/4	4/4	1/1	1/1
William Robert Majcher	4/4	4/4	1/1	1/1

Note:

(1): Mr. Chow Kin Wa was removed as the chief executive officer ("**CEO**") of the Company on 19 January 2018 and resigned as an executive Director on 2 February 2018.

TRAINING AND CONTINUING DEVELOPMENT

Information relating to training and continuing development of Directors are set out on page 20 of this annual report.

All newly appointed Directors will undergo an orientation program to obtain background information of the Group and industry-specific knowledge. During the Year, the Company has invited the Directors to visit the refurbished tinplate manufacturing factory located in Jiangsu, China. In addition, the Directors also may, at any time, visit the Group's facilities to gain better understanding of the Group's businesses.

Orientation program and training and continuing development program are funded by the Company.

Board Composition and Guidance

Principle 2:

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

BOARD COMPOSITION

The current Board comprises seven members, consisting of three executive Directors, one non-executive Director and three INEDs:

EXECUTIVE DIRECTORS (Note 1)**:**

Mr. ZHU Jun	*(Executive Chairman, Chairman of the NC and member of the RC)*
Ms. WANG Jianqiao	
Mr. LEI Yonghua *(appointed on 21 March 2019)*	

NON-EXECUTIVE DIRECTOR:

Dr. OUYANG Qian	*(member of the RC)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. FOO Teck Leong	*(Chairman of the AC and members of the NC and the RC)*
Mr. TANG Chi Loong	*(Chairman of the RC and members of the AC and the NC)*
Mr. William Robert MAJCHER	*(members of the AC, the NC and the RC)*

(Note 1): During the Year, the Board consisted of three executive Directors, namely Mr. Zhu Jun, Mr. Chow Kin Wa and Ms. Wang Jianqiao. Mr. Chow Kin Wa was removed as a CEO on 19 January 2018. He also resigned as an executive Director on 2 February 2018.

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

The functions of non-executive Directors include:

- participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

- taking the lead where potential conflicts of interests arise;

- serving on the AC, the RC, the NC and other committees, as appropriate and as invited; and

- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

INDEPENDENCE

During the Year, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the HK Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise and INEDs representing one-third of the Board. The Board also at all times met the requirements of Guideline 2.1 of the SG CG Code to maintain a strong and independent element of the Board with the INEDs making up at least one-third of the Board.

Guideline 2.2 of the SG CG Code requires that the INEDs should make up at least half of the Board where the Executive Chairman is part of the management and is not an INED.

For the financial period from 1 May 2017 to 19 January 2018, there were three out of seven Board members who were INEDs which has been a deviation from Guideline 2.2. The Board has tried to ensure a strong and independent element through having all major decisions discussed and reviewed by the Board.

Based on the current Board structure effective from 21 March 2019, there are three out of seven Board members who are INEDs. The Board will continue to ensure that the process of decision-making by the Board is independent and based on collective decision without any concentration of power of influence.

During the Year, the non-executive Directors (including the INEDs) had met the Executive Chairman once in the absence of executive Directors and management.

The Company has received written annual confirmation from each INED of his independence pursuant to the requirements of the HK Listing Rules and the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"). The Company considers all INEDs to be independent in accordance with the independence guidelines as set out in the HK Listing Rules and the SG CG Code.

Mr. Tang Chi Loong was appointed in July 2009 and Mr. Foo Teck Leong was appointed in April 2010. Both have served on the Board for more than nine years. The NC had conducted a rigorous review of their independence by way of self-assessment and peer-review. As a result of the rigorous review, the NC is of the view that his independence cannot be arbitrarily determined merely on the basis of a set period of time and has taken into consideration the following factors in assessing his independence:

- demonstrated strong independence in discharging his duties and responsibilities with the utmost commitment in upholding the interests of the non-controlling shareholders;
- engaged the Board in constructive discussions;
- expressed individual viewpoints, debated issues and objectively scrutinised and challenged management;
- sought clarifications as he deemed necessary; and
- developed significant insights in the Group's businesses and operations.

SIZE AND DIVERSITY OF THE BOARD

The Board and the NC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size of the Board, taking into account the scope and nature of the Group's operations. The NC has reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Board comprises a balanced and well diversified members of different age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. They provide the Board with the necessary experience and expertise to direct and lead the Group. In addition, the Board considers the INEDs to be of sufficient calibre.

A truly diverse Board will include and make good use of differences in the skills, region and industry experience, background, race, gender and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit while taking into account diversity.

The NC will report annually (if it is necessary) in the corporate governance report, on the Board's composition under diversified perspectives, and monitor the implementation of this policy.

The NC will review the diversity policy of the Company, as appropriate, to ensure its effectiveness. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

All Directors have brought a wide spectrum of valuable business and management experience, knowledge and professionalism to the Board for its efficient and effective functioning. The NC is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively and provide a balance of views at both the Board and the Board committees.

The Company has entered into a formal appointment letter with each of the non-executive Directors (including INEDs) for a specific term of 3 years with the exception of Mr. Foo Teck Leong and Mr. Tang Chi Loong who are for a specific term of 2 years. All Directors are subject to renewal and re-election.

Chairman and the Chief Executive Officer

Principle 3:

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

The position of the Executive Chairman and CEO were held by separate individuals for the period from 1 May 2017 to 19 January 2018, to preserve independence and a balance of views and judgements.

Since the removal of Mr. Chow Kin Wa as the CEO on 19 January 2018, certain functions of CEO have been undertaken by Mr. Zhu Jun, the Executive Chairman, which the Board considered it as a transitional arrangement to cater for a smooth handover. The Company has deviated from the CP A.2.1 of the HK CG Code during the period from 19 January 2018 to 30 April 2018. The Company is currently identifying a suitable candidate as the new CEO and will provide updates, as appropriate.

In this transitional period, the Board believes that vesting the roles of both Executive Chairman and part of the CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Executive Chairman is, amongst others, responsible for:

- leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- reviewing key proposals before they are presented to the Board for consideration;
- ensuring effective communications with Shareholders and that their views are communicated to the Board as a whole;
- exercising control over quality, quantity and timeliness of the flow of information among the Board members and between management and the Board;
- ensuring compliance with and promoting high standards of corporate governance practices and procedures;
- promoting a culture of openness and debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information; and
- facilitating the effective contribution of non-executive Directors.

The CEO has been responsible for the day-to-day operations, business development and trading activities of the Group. The management team assists the Executive Chairman in overseeing the overall management, operations and the setting of corporate directions and strategies of the Group.

There is no relationship (including financial, business, family or other material/relevant relationships) between Board members and in particular, between the Executive Chairman and Mr. Chow Kin Wa, who was the CEO during the Year but was removed as such on 19 January 2018.

Although the Executive Chairman is part of the management team and is not an INED, the Company does not appoint a lead INED, as the Board is of the view that there is a balance of power and authority with the various Board committees.

Although there was no lead INED being appointed, the INEDs also met up once in the Year without the presence of the management and executive Directors. The Executive Chairman has also met up with the INEDs once in the Year without the presence of the management and other executive Directors.

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

Appointments, Re-election and Removal

The Company adopts a formal and transparent process of appointing new Directors to the Board and ensures that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. In accordance with Regulation 89 of the Constitution, Mr. Zhu Jun and Mr. William Robert Majcher shall retire by rotation at the forthcoming annual general meeting (the "**AGM**").Pursuant to Regulation 88 of the Company's Constitution, Mr. Lei Yonghua who was appointed on 21 March 2019 will hold the office until the conclusion of the AGM. All the above retiring Directors, being eligible, shall offer themselves for re-election at the AGM. Mr. Zhu Jun will, upon re-election as an executive Chairman and executive Director of the Company, remain as the chairman of the NC and the member of the RC. Mr. William Robert Majcher will, upon re-election as an independent non-executive Director of the Company, remain as the member of the RC, NC and AC.

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

Please refer to the section headed "Corporate Information" of this annual report for change of Directors' information for the Year.

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

Name of Directors	Nature of appointment to the Company	Date of first appointment to the Company	Date of last re-election as Director of the Company	Directorship in other listed companies and principal commitments
Zhu Jun	Executive Chairman and Executive Director	30/10/2015	17/10/2016	–
Wang Jianqiao	Executive Director	30/10/2015	14/9/2018	–
Lei Yonghua	Executive Director	21/3/2019	–	–
Ouyang Qian	Non-executive Director	13/02/2017	14/9/2018	–
Tang Chi Loong	INED	01/07/2009	17/10/2016	–
Foo Teck Leong	INED	01/04/2010	14/9/2018	–
William Robert Majcher	INED	27/11/2015	17/10/2016	Evolving Gold Corporation Unitas Holdings Limited (formerly known as "Chanceton Financial Group Limited") (resigned with effect from 31 May 2018) VBG International Holdings Limited (appointed on 4 May 2017)

Further details of the Directors (including academic/professional qualifications) can be found under the section headed "Board of Directors" as set out on pages 17 to 20 of this annual report.

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

The NC comprises four members, namely Mr. Zhu Jun (Chairman), Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher, the majority of them being INEDs.

The Board is of the view that with Mr. Zhu Jun's understanding of the Group's operations, he is in an appropriate position to advise and recommend to the Board on the matters relating to the NC. However, independence is not compromised, as the other three members of the NC, who constitute a majority, are independent.

The NC is regulated by a set of written terms of reference which was revised on 28 October 2016. Its key functions include:

- reviewing the structure, size, composition and diversity (including but not limited to the gender, age, cultural and education background, professional experience, skills and knowledge) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- making recommendations to the Board on the appointments and re-appointments of Directors, having regard to each individual Director's contribution and performance;

- determining the criteria for identifying candidates and reviewing nominations for new appointments;

- reviewing and determining on an annual basis the independence of each INED;

- determining/proposing the objective performance criteria for the Board's approval and reviewing the Board's performance in terms of the performance criteria;

- conducting a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, particularly when a Director serves on multiple boards;

- reviewing the succession plans for the Board, in particular the chairman and the chief executive; and

- reviewing training and professional development programs for the Board.

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

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

The NC conducts a review of the INEDs' independence based on the guidelines set forth in the SG CG Code and the HK Listing Rules and is of the view that Mr. Foo Teck Leong, Mr. Tang Chi Loong and Mr. William Robert Majcher are independent.

Notwithstanding that some of the Directors have multiple board representations, the NC and the Board are satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, and there is presently no need to implement internal guidelines to address their competing time commitments. As such, the NC and the Board do not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

The Company does not have any alternate Directors.

Board Performance

Principle 5:

There should be a formal annual assessment of the effectiveness of the Board as a whole and the Board committees and the contribution by each Director to the effectiveness of the Board.

Board Evaluation

The NC has formulated a process to evaluate and assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NC has considered the effectiveness of the Board as a whole and the Board committees in addition to the contribution by the chairman and each individual Director to the effectiveness of the Board for the Year. No external facilitator was engaged by the Company in the Year.

The performance evaluation criteria include an evaluation of the structure, composition and size of the Board, the Board's access to complete, adequate and timely information as well as the Board's procedures and accountability. The performance evaluation criteria do not change from year to year. All the current Directors during the Year have completed the Board and Board committee evaluation forms and a summary of all the evaluation forms was circulated to the NC for review.

The NC is satisfied that the Board as a whole and the Board committees have each met its performance objectives for the Year.

The NC will ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. The performance criteria that the NC will consider in relation to an individual Director include the Director's industry knowledge and/or expertise, time and effort dedicated to the Group's business and affairs as well as work commitments, attendance and participation at the Board and Board committee meetings. All Directors have completed the individual Directors' self-assessment forms and a summary of all the self-assessment forms was circulated to the NC for review.

Each member of the NC shall abstain from voting on any resolutions, making recommendation and/or participating in respect of the matters in which he is interested.

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

The NC met once for the Year. The independence of each Director is reviewed annually by the NC by reference to the guidelines set out in the SG CG Code. In addition, the independence of the Company's INEDs meets the requirements set out in Rule 3.13 of the HK Listing Rules. The NC has assessed the independence of the INEDs and is satisfied that there are no relationships which would deem any of the INEDs not to be independent. During the Year, the NC had recommended re-election of the retiring Directors after assessing their contribution and performance, and has reviewed the structure, size and composition of the Board in accordance with Rule 3.10A of the HK Listing Rules.

With three Directors being INEDs, the Board is able to exercise independent judgment on corporate affairs and provide the management with a diverse and objective perspective on issues. The NC is making the best effort to ensure full compliance to Guideline 2.2 of the SG CG Code.

Supply of and Access to Information

Principle 6:

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

The Board has been furnished with detailed information concerning the Group from time to time to enable it to fulfill its responsibilities and to be fully cognisant of the decisions and actions of the Group's executive management.

Saved as disclosed in the announcements dated 6 February 2018 and 9 February 2018, inter alia, in connection with the certain books and records of the Group having been found to be missing, destroyed and not being able to be located, all Directors have been given unrestricted access to the Company's records and information. Board papers are prepared for each meeting of the Board and include sufficient information from senior management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

The INEDs have access to all levels of senior executives in the Group and are encouraged to contact other employees to seek additional information if they so require.

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

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

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

II. Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 7:

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

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

The RC comprises five members, namely Mr. Tang Chi Loong (Chairman), Mr. Foo Teck Leong and Mr. William Robert Majcher, Mr. Zhu Jun and Dr. Ouyang Qian, the majority of them being INEDs. The RC met once during the Year.

The Board is of the view that with Mr. Zhu Jun's understanding of the Group's operations, he is in an appropriate position to advise and recommend to the Board on the remuneration packages for the rest of the key management personnel of the Group. However, independence is not compromised as the majority of the members of the RC are INEDs.

The RC is regulated by a set of written terms of reference which was revised on 28 October 2016. Its key functions include:

- reviewing and recommending to the Board the Company's policies and structure of remuneration for all Directors and key management personnel of the Group as are competitive and appropriate to attract, retain and motivate Directors and key management personnel of the required quality to run the Company successfully and the establishment of a formal and transparent procedure for developing the remuneration policy;

- reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives;

- making recommendations to the Board on the remuneration packages of individual executive Directors and key management personnel;

- reviewing and approving compensation payable to executive Directors and key management personnel for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

- reviewing and recommending to the Board the implementation of any appropriate long term incentive schemes for the Directors and employees of the Group, including the share option scheme (if any).

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

The RC covers all aspects of emoluments, including but not limited to Directors' fees, salaries, allowances, bonuses, options, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies, the Group's relative performance and the individual performance of the Directors and the key management personnel. The RC will seek expert advice on remuneration of all Directors as and when necessary. For the Year, the RC and the Board are of the view that the Company does not need to engage remuneration consultants as the remuneration for the executive Directors and the key management personnel are based on their respective existing service agreements. The RC's recommendations are submitted for the endorsement by the entire Board.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the service contracts of the executive Directors and key management personnel to ensure that such clauses and processes are fair and reasonable.

Level and Mix of Remuneration

Principle 8:

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

The RC ensures that the performance-related elements of remuneration are designed to align the interests of the executive Directors with those of Shareholders and link rewards to corporate and individual performance and promote the long-term success of the Company. The RC considers the executive Directors' and key management personnels' responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages.

The Board recommends the quantum of Directors' fees to be paid to the INEDs and non-executive Director based on their contributions, taking into account factors such as frequency of meetings, effort and time spent as well as responsibilities. Directors' fees are subject to the approval of the Shareholders at the forthcoming AGM.

The RC had recommended to the Board a maximum amount not exceeding S$140,000 as Directors' fees for the year ending 30 April 2019. The RC made recommendations to the Board on the remuneration packages of individual executive Directors and key management personnel. The Board will propose Directors' fees for the year ending 30 April 2019 at the forthcoming AGM for Shareholders' approval.

Executive Directors do not receive Directors' fees. The remuneration of executive Directors comprises a basic salary and variable components which include an annual bonus, based on the performance of the Group as a whole and their individual performance.

During the Year, the RC had reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors, and it has agreed the terms, in particular, the remuneration package under the letters of appointment of Mr. William Robert Majcher, Mr. Foo Teck Leong, Mr. Tang Chi Loong and Dr. Ouyang Qian and under the service agreements of Mr. Zhu Jun and Ms. Wang Jianqiao.

The Company had no long-term incentive scheme during the Year.

The Board will seek to get back the incentive or any related payments from the parties involved pursuant to the applicable laws of the relevant jurisdictions, should there be any misstatements of financial results, or of misconduct resulting in a financial loss to the Group. In the future, the Board will include contractual provision to govern employees' misconduct behavior.

Disclosure on Remuneration

Principle 9:

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

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

Emoluments of Directors

	Salary S$'000	Bonus S$'000	Fees S$'000	Share option S$'000	Allowances and other benefits S$'000	Total S$'000
Below S$250,000						
Wang Jianqiao	306	–	–	–	3	309
Zhu Jun	0 (Note 1)	–	–	–	–	0
Chow Kin Wa (Note 2)	91	–	–	–	3	94
Ouyang Qian	–	–	–	–	–	–
Tang Chi Loong	–	–	42	–	–	42
Foo Teck Leong	–	–	45	–	–	45
William Robert Majcher	–	–	45	–	–	45

(Note 1): rounded down because its amount is less than S$0.5 thousand.

(Note 2): Mr. Chow Kin Wa was removed as the CEO on 19 January 2018 and resigned as an executive Director on 2 February 2018.

Emoluments of Key Management Personnel

For the Year, the Group had the following key management personnel and the top five key management personnel of the Group (who are not Directors) whose emoluments are set out below:

	Salary %	Bonus %	Share option %	Allowances and other benefits %	Total %
Below S$250,000					
Chung Man Wai (Note 1)	100	–	–	–	100
Chiu Tun Steven (Note 2)	100	–	–	–	100
Wong Mei Keung (Note 3)	100	–	–	–	100
Li Yan	100	–	–	–	100
Ma Yiu Ming (Note 4)	100	–	–	–	100

(Note 1): Mr. Chung resigned on 1 August 2018.
(Note 2): Mr. Chiu resigned on 17 December 2018.
(Note 3): Mr. Wong resigned on 24 September 2018.
(Note 4): Mr. Ma resigned on 31 December 2017.

The aggregate total remuneration paid to or accrued to key management personnel (who are not Directors or CEO) for the Year amounted to S$450,000.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel (who are not Directors or CEO) be kept confidential, due to its sensitive nature and concerns of poaching. Additionally, such disclosures would be disadvantageous to the Company in relation to its competitors and may adversely affect the cohesion and spirit of team work prevailing amongst the employees of the Company.

The Company has adopted a remuneration policy for employee comprising a fixed component (in the form of a base salary) and variable components which include a discretionary bonus that is linked to the Company's and the individual's performance. The other variable component is the grant of share options and awards to employee under the incentive schemes (if any). For the Year, the Company did not have any employee option scheme or other long term employee incentive scheme.

Further particulars regarding the Directors' emoluments and the five highest paid employees are disclosed in Note 10 to the financial statements.

The remuneration of the executive Directors and the key management personnel comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance.

Immediate Family Member of the Director or the CEO

For the Year, no employees in the Group were immediate family members of a Director or the CEO (removed on 19 January 2018) and whose remuneration exceeded S$50,000.

III. Accountability and Audit

Accountability

Principle 10:

The board should present a balanced and understandable assessment of the company's performance, position and prospects.

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Manual, the HK Listing Rules and other applicable statutory and regulatory requirements.

Financial Reporting

The Company announced on 9 August 2018 that the Company was unable to publish the annual results for the year ended 30 April 2018 ("**FY2018**") by 31 July 2018 pursuant to Rules 13.49(1) and 13.46(2)(a) of the HK Listing Rules.

The Company published the quarterly results for the periods ended (a) 31 July 2017 ("**Q1FY2018**"); (b) 31 October 2017 ("**Q2FY2018**" or "**Interim FY2018**"); and (c) 31 January 2018 ("**Q3FY2018**") on 4 October 2018. In presenting the quarterly, interim and annual financial statements and announcements to Shareholders, it is the aim of the Board to provide the Shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

During the Year, the Trading and Distribution business has been temporarily suspended and the revitalisation of Tinplate Manufacturing business has yet to be completed. There was no revenue generation during FY2018. Management was not able to provide update and other expenses data to the Board led by the ex-CEO.

The management is working to publish and despatch all outstanding financial statements to shareholders and to adhere strictly to the timeframe stipulated in the Listing Rules in respect of future financial statements.

In preparing the financial statements for the Year, the Board reviewed and selected the appropriate accounting policies, and ensured that the management had applied them consistently and prepared the financial statements on a going concern basis. The Board reviews issues in financial and operational aspects, if any, with the management on a quarterly basis and as and when required.

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

Based on the updates, explanation and information provided by the management, the Board managed to make an informed assessment of the Company's performance, positions and prospects.

Risk Management and Internal Controls

Principle 11:

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

The Board recognises its responsibility for maintaining an adequate internal control system to safeguard the assets of the Group and the interests of Shareholders and consider the governance of risk. An annual review on the adequacy and the effectiveness of the internal control and risk management systems of the Group has been conducted by the management and reviewed by the Board.

Risk Management and Internal Control System

Several areas have been considered during the Board's reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Company will determine the level of risk tolerance and risk policy. The management reviews the Group's business and operational activities to identify areas of significant business risks and considers measures to mitigate these risks and reports to the Board where necessary. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has in place an internal control system modelled on the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") 2013 framework. The framework aims to enable the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The internal control system components are shown as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- Monitoring: Ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

Reference is made to the announcements published by the Company on 14 August 2017, 24 August 2017, 28 August 2017, 18 September 2017, 4 October 2017, 31 October 2017, 12 December 2017 and 19 January 2018, having considered the review report issued by PriceWaterhouseCoopers Consulting (Singapore) Pte Ltd ("**PwC**") (the "**Review Report**") in January 2018 for previous year, the AC acknowledges and accepts the observations concerning the Group's internal controls. In light of the findings of the independent review from PwC, the AC made the recommendations to the Board. A Board meeting was convened to consider the Review Report and the Board has adopted the recommendations of the AC.

The Board engaged an independent consulting firm SHINEWING Risk Services Limited ("**Shinewing**") to perform internal control review of the Group. The independent consultants evaluated the internal control system. An internal control review report with the relevant findings and recommendations was prepared to the Board. Please refer to the paragraph headed "Internal Control Review" below in this CG Report for the findings of such review.

The AC assesses the adequacy, effectiveness, efficiency and reliability of internal control procedures over financial, operational and compliance activities of the Company on an annual basis. The results of the independent reviews together with the recommended remedial actions, in the form of internal audit reports, are submitted to the AC and management. A review will be made at least annually to monitor the adequacy and the effectiveness of the risk management and the internal control systems of the Group.

The Board with the concurrence of the AC is of the opinion that after the implementation by the Group of the remedial measures to the internal control deficiencies identified by Shinewing, the Group's internal controls are adequate to address the financial, operational, compliance and information technology controls and risk management systems to meet the needs of the Group in its current business environment. The said opinions were based on:

- the internal controls established and maintained by the Group;
- the reports issued by the external auditors;
- the annual reviews performed by the management, the AC and the Board;
- the confirmation by the Board to adopt the recommendations of the AC for the key findings of the review report issued by PwC; and
- the IC Review Report issued on 29 November 2018 for the Company and two of its subsidiaries and the Updated IC Review Report including the Trading & Distribution business and PwC's Findings (as defined below) issued on 16 April 2019 by Shinewing.

For the Year, the Board has not been able to receive assurance from the CEO and the chief financial officer of the Company that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Groups' risk management and internal control systems are effective, as the CEO was removed on 19 January 2018 and there was no chief financial officer appointed from 1 July 2017 to 23 January 2018.

Nevertheless, the Board has received assurance by the accounting team headed by the financial controller that proper set of books and records in respect of the business transactions of the Group have been maintained for the Year. The chief financial officer appointed during the period 24 January 2018 to 1 August 2018 has confirmed that he has assisted in his best effort in overseeing the financial and the compliance matters of the Group up to 1 August 2018. The current chief financial officer was appointed on 2 August 2018. Pursuant to her understanding of the background and operations of the Group, she reported that there was no significant matters, other than those reported by the internal auditor and independent auditor (if any) which came to her attention that would qualify the two statements below per Code 11.3 of the SGX Code of Corporate Governance:

(i) that the financial records have been properly maintained and the financial statements would give a true and fair view of the Group's operations and finances; and

(ii) the effectiveness of the Company's risk management and internal controls systems.

Internal Control Review

The Board engaged Shinewing to perform an internal control review (the "**IC Review**") of the Group, which covered the internal control system of the Group in force during the Year. The IC Review (which includes the subsequent follow-up review (the "**Follow-up Review**") carried out by Shinewing to examine whether the deficiencies identified upon the primary review have been remedied) was conducted over the period from June to September 2018 and follow up review was undertaken during the period from October to November 2018.

The IC Review examined certain components of internal control systems at both entity-level and process-level mainly of the Company and two of its subsidiaries, Organic Beer Hong Kong Limited ("**Organic Beer**") and Yorkshine New Material (Taizhou) Limited* ("**YNMT**"), as follows:

Entity level control

- Analysis of the Company's COSO 2013 framework
- "Corporate Governance Code" in Appendix 14 to the HK Listing Rules
- Process of compliance with the HK Listing Rules and other laws and regulations

Process level control

- Financial reporting procedures
- Revenue and accounts receivable procedures
- Cost, purchase, expenses and out-goings
- Inventory management
- Bank accounts and cash management
- Fixed assets
- Human resources and remuneration management
- Taxation
- Information system control and management

On 29 November 2018, Shinewing issued its report (the "**IC Review Report**") on the IC Review, setting out in detail, among others, the deficiencies identified, the recommendations from Shinewing and the remediation status of the deficiencies. Shinewing noted that remedial actions have been taken by the Group to rectify the deficiencies identified.

A summary of the deficiencies concerning the Company's key findings of the internal control review and remedial action(s) taken as reported in the IC Review Report are set out as follows:

	Findings	**Remedial actions**
1.	Financial close reporting procedures All of the Financial Controller, the Finance Manager and the Assistant Finance Manager own administrative rights in the accounting system and access rights to the accounting system is not properly assigned. All staff in the Finance Department of YNMT own rights of monthly closing and reversal of closing and the rights to amend accounting vouchers, user account access right and chart of accounts. No records of requisition and approval of changes to user account, user access right and chart of accounts. Review records of chart of accounts is not retained.	Financial close reporting procedures User rights have been properly assigned in accordance with job duties and responsibilities. System administrative rights have been assigned to the IT Manager. Policies and procedures with respect to the addition, amendments and deletion of user accounts, access right and chart of accounts have been established. For modification of chart of accounts, procedures have been established to have the Chart of Accounts Maintenance Form to be completed and approved. Quarterly review of chart of accounts will be documented and approved by the Financial Controller and the Finance Manager.
2.	Revenue and receipts Income not recognized on the date of delivery of goods or acceptance of delivery by customers. Records of customer background check not kept and no customers list is prepared. Chop application records not properly kept and contract number has not been assigned to sales contracts of the Organic Beer business.	Revenue and receipts Income has been recognized with reference to the terms of the sales contract and delivery documents since August 2018 from the samples obtained. New customer application forms adopted for recording information and background search records of customers. Customer lists adopted for managing contact details of customers and contracts with customers. Procedures of using company chops and contract management have been revised. Contract summary lists containing information on contract number, contract parties and summary of terms have been set up and Internal Document Management Procedures have been revised.

	Findings	Remedial actions
3.	Cost, purchase, fees and expenses procedures	Cost, purchase, fees and expenses procedures
	Purchases were recognized on the date of prepayment instead of the date of acceptance of delivery of goods.	Vouchers for delivery of goods adopted to record the time and quality of goods accepted
	Records for examination of goods and delivery of goods not kept.	Recognition of purchases and reversal of prepayment will be recorded with reference to the date of acceptance of delivery of goods.
	Purchases were recognized with reference to the date of VAT invoice instead of date of acceptance of delivery of goods.	Purchases were recognized according to the date of the acceptance of delivery of goods from the sample obtained.
4.	Bank and cash management	Bank and cash management
	Sole authorization from the Chairman is sufficient to authorize a payment.	Procedures for dual signatures to authorize a payment has been put in place.
	Cheque number not recorded on the payment voucher.	Cheque books are kept by Finance Department and cheques will be prepared in accordance with the payment voucher.
	Information of bank payments and receipts not properly recorded in the bank movement summary.	Finance Department has followed the prescribed procedures to record bank payments and receipts.
5.	Record maintenance	Record maintenance
	Records not properly kept.	Policies for record management has been established regulating management of vouchers, contracts and meeting minutes, setting of password for computers, length of keeping records and destruction of records.

Further to the internal control review report issued by Shinewing on 29 November 2018, the Company and Shinewing entered into a supplemental engagement letter on 6 March 2019, pursuant to which the Company engaged Shinewing to enlarge the scope of the internal control review to cover the now suspended Trading & Distribution business and the findings as disclosed in the final review report dated 19 January 2018 issued by PWC("**PwC's Findings**").

Shinewing conducted its review on the Group's internal controls regarding the Trading & Distribution Business and PwC's Findings in March 2019.

On 16 April 2019, Shinewing issued an updated report regarding the internal controls on Trading & Distribution business and PwC's Findings ("**Updated IC Review Report**") and noted that the internal control measures/actions regarding the issues identified have been adopted by the Group.

A summary of Shinewing's review on the Group's internal controls in relation to the Trading & Distribution business and PwC's Findings:

Issue(s)/PwC's Findings	Remedial actions
1. Financial reporting procedures	Financial reporting procedures
• In the financial years ended 30 April 2017 and 2018, the Company has failed to keep any records on the Company's board of directors' (the "**Board**") assessment that no impairment was necessary for (a) property, plant and equipment; and (b) investments in subsidiaries and amounts due from subsidiaries.	• The Group has adopted written procedures requiring the Finance Department to conduct impairment assessment for the Group's (a) property, plant and equipment; and (b) investments in subsidiaries and amounts due from subsidiaries. The management is required to keep the assessment results and relevant supporting documents as record.
2. Execution and management of sale and purchase contracts	Execution and management of sale and purchase contracts
• No "original" contracts were prepared for the Trading & Distribution Business as the business activities were conducted through electronic communication and signed contracts were returned via email. Several versions of contracts were prepared but there were inconsistences among them. • There was no clear policy guidelines or control to ensure that only authorized signatories are permitted to sign contracts. • The staff and the management appeared to view the practice of preparing supporting documents/contracts after the event to satisfy the auditor, as an acceptable practice.	• The Group has adopted written procedures requiring all departments to enter into contracts with its suppliers/customers prior to transactions. • All contracts must be approved by the department head and financial financial controller prior to signing and contracts must be executed by authorized signatories. • The Group has written guidelines prohibiting its staff to prepare supporting documents/contracts for the purpose of satisfying audit requests.

Issue(s)/PwC's Findings	Remedial actions
3. Agency arrangement under the Trading & Distribution business • None of the email contracts between the Group and its suppliers/customers disclosed the Company's subsidiaries as the seller for the 14 sale transactions and customers issue letters of credit to Novostal Limited ("**NSL**"), a company wholly owned by a former executive Director, as beneficiary. There were 12 underlying purchase contracts, of which 11 reflected the Company's subsidiaries as the purchaser and, one recorded NSL as direct purchaser. However, the purchase letters of credit show that NSL is the applicant for all purchases with no mention of the Company's subsidiaries as the purchaser. • There was no clear difference between the trades recorded by the Group as principal when compared to the trades where the Group supposedly acted as agents, except that for the first 14 transactions, there are letters of credit and sales agency agreements signed with NSL as agent and for the subsequent three transactions, there are purchase agency agreements signed with the Company's subsidiaries as agents. • The contract number referencing for all the 17 trades are based on NSL's numbering system but these reference numbers were not in sequence and there were missing reference numbers.	Agency arrangement under the Trading & Distribution business • The Group has suspended the Trading & Distribution business since the financial year ended 30 April 2018. • The Group has established independent contract numbering system to record all contracts and transactions entered into by the Group. All departments are required to keep copies of all contracts for future inspection.

Issue(s)/PwC's Findings	Remedial actions
4. Staff arrangement between the Group and NSL	Staff arrangement between the Group and NSL
• Five staff who used to be employed by the Group had their employment contract terminated in May 2016 and were re-employed by NSL. Three of them were then immediately deployed to the Group to help with the Group's Trading & Distribution business with an open ended deployment period. These re-deployed staff continued with their previous roles, performed the same work they used to do and continued to remain in the same premises as they were at previously.	• The Group has adopted a conflict of interests reporting policy requiring all staff to declare any possible conflict of interests. • The Group has also adopted written procedures (i) requiring the supervisors of each department to closely monitor the departmental affairs to ensure there is a clear segregation between the Group's affairs from that of third parties; and (ii) restricting access to the Group's information to prevent unauthorized leakage.
5. Use of NSL's domain name	Use of NSL's domain name
• The email domain name used by the people involved in the Trading & Distribution business was novostal.com (the "**NSL's Domain Name**"), which was registered by one of the Company's subsidiaries in 2005 but NSL has been paying for its maintenance since February 2016.	• The Group has ceased its use of the NSL's Domain Name and requested all its staff to use "yorkshinegroup.com" as the email domain for all communications with the Group's suppliers and customers. • The Group has also put in place procedures to prohibit its staff to (i) allow third party to use the Group's email account; and (ii) use their personal emails and non-Group domain names when conducting business in the name of the Group.

Issue(s)/PwC's Findings	Remedial actions
6. Cash flow management	Cash flow management
• Cash flow for trading operations appear to be managed entirely by NSL and monies were released only when the trading operations run low in cash.	• In early 2019, the management has prepared a cash flow forecast and such forecast is to be reviewed on a quarterly basis. Board's approval is required in the event when the actual cash flow significantly deviates from the forecast. • The Group's internal manual on cash flow management also requires the Group to enter into legally binding financing agreements with its financiers as and when needed. Approval from appropriate management should be obtained in advance.
7. Compliance with the HK Listing Rules	Compliance with the HK Listing Rules
• The Company only implemented a formal policy on the identification, evaluation, approval and reporting of connected transactions in March 2017. • The Group's management and staff did not appear to be familiar with the definition of connected transactions under the HK Listing Rules.	• Finance Department has prepared the list of connected persons which is updated on a regular basis and distributed to all departments within the Group. • Audit Committee has reviewed the Group's internal policies on identification, evaluation, approval and reporting of connected transactions.

In addition to the internal control deficiencies identified in the IC Review Report, the Company has not made a timely disclosure to comply with the HK Listing Rules and the Listing Manual of a discloseable and connected transaction under Chapters 14 and 14A of the HK Listing Rules due to a delay of information flow to the Company from the regional branch office. The transaction relates to the disposal by the Group of the entire 60% of the equity interest in Xing Hua City Daduo Sewage Treatment Co., Ltd. (興化市大垛污水處理廠有限公司) pursuant to an equity transfer agreement dated 21 September 2018 between Taizhou HuaYong Storage Limited (泰州華永倉儲有限公司), an indirect wholly-owned subsidiary of the Company, as vendor and Xinghua City Xingjin Waste and Waste Recycling Station (興化市興進廢舊物資回收站) as purchaser. An announcement disclosing the transaction was only made on 26 October 2018. The Company has immediately strengthened the information flow process with the regional branch officers and will provide specific training on relevant employees to monitor such transactions to ensure a timely disclosure under the HK Listing Rules and the Listing Manual.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the HK Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the HK Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited an unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, Company Secretaries and investor relations officers are authorised to communicate with parties outside the Group.

The Company manages risks under an overall strategy determined by the Board and supported by the AC, the NC and the RC.

Audit Committee

Principle 12:

The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three members, namely Mr. Foo Teck Leong (Chairman), Mr. Tang Chi Loong and Mr. William Robert Majcher, all of them being INEDs. Mr. Foo Teck Leong possesses the appropriate professional qualifications or accounting or related financial management expertise. The Board considers that Mr. Tang Chi Loong and Mr. William Robert Majcher have sufficient financial knowledge and experience to discharge their responsibilities as members of the AC by reference to their experience. Mr. Tang Chi Loong has been a practising lawyer for more than 20 years and has sound corporate knowledge. Mr. William Robert Majcher has over 25 years of experience in public service, international finance and capital markets, he is recognised as an expert on money laundering in the United States Federal Court for the Southern District of Florida and the Supreme Court of British Columbia and the Ontario Superior Court of Justice in Canada. There is a good mix of expertise among the members who can handle financial as well as commercial issues relating to the Group's business. None of the members of the AC is a former partner of the Company's existing external auditor or has any financial interest in such auditor. In view of this, the AC has sufficient accounting or related financial management expertise and experience to discharge the AC's functions.

The AC is regulated by a set of written terms of reference which was revised on 10 January 2019. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing:

(a) the financial information provided by the Company to any governmental body or the public;

(b) the systems of internal controls that management and the Board have established;

(c) the audit and business processes to manage risks and safeguard the Company's assets and enhance shareholders' value; and

(d) the processes to manage compliance risk viz the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the Company may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice.

The AC in carrying out its tasks under these terms of reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties. The Board will ensure that the AC has the resources access to independent professional advice at the Company's expense in order for it to perform its duties.

AC should report regularly to the Board on the exercise of its duties and on all the matters in the Act, the Listing Manual, the HK Listing Rules and the Code, and on the outcome of its reviews and discussions with the external auditors and its findings on any suspected fraud or irregularity, or suspected infringement of any Singapore law, the Listing Manual, the HK Listing Rules, rules or regulations which has or is likely to have a material impact on the operating results or financial position of the Company, as well as identifying those matters which it considers any necessary action or improvement is necessary, and making recommendations as to the step to be taken.

The AC shall have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC shall initiate amendments to its Terms of Reference when the need arises due to changes in legislation governing corporate governance. Any director may propose such amendments to the AC's Terms of Reference, as he deems fit, by reason of changes in the Company's structure, organisation and/or operations which affect the matters set out in the Terms of Reference. All amendment to the Terms of Reference shall be submitted to the AC for approval.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the Group's consolidated financial statements for the Year is set out in the "Independent Auditor's Report" on pages 76 to 81 of this annual report.

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

Service Category	**Fees Paid/Payable S$**
Audit Services	170,000
Tax Compliance Services and Agreed-upon Procedures on Preliminary announcement of Annual Results	1,900
Total	171,900

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

The AC has met with the external auditor in the Year without the presence of management.

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

WHISTLE-BLOWING POLICY

The Company has in place a whistle-blowing policy as implemented pursuant to the best practices as recommended by the SG CG Code to allow employees to raise concerns in confidence on any financial improprieties or management involving the Company. Employee(s) can approach the chairman of the AC directly for any complaint or concerns about any suspected fraud or irregularity and possible improprieties in matters of financial reporting or management against any other employees of the Group. He will ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The written and circulated whistle-blowing policy and procedures also set out the procedures for raising concerns or making complaints, and the process of investigation. The Company circulates the whistle-blowing policy and procedures by email on a regular basis. Any suspicious activities that may involve dishonesty or fraud will be investigated and addressed to the chairman of the AC. The Company did not receive any whistle-blowing report during the Year.

Internal Audit

Principle 13:

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

The AC, in consultation with management, approves the hiring, removal, evaluation and remuneration of the internal auditors. The internal auditor reports directly to the chairman of the AC and administratively to the executive Directors. The internal audit function is headed by the internal audit manager. The Company engaged Shinewing to conduct the IC Review for the Year, with relevant experience in financial accounting and auditing and had attended relevant services during the Year. Please refer to the paragraph headed "Internal Control Review" above in this CG Report for the findings of such review. The AC considers the internal audit function is staffed with persons with relevant qualifications and experience.

The internal auditor has unrestricted access to documents, records, properties and personnel of the Group except for certain books and records of certain subsidiaries of the Group, as explained in the Company's announcement released on 19 January 2018. The AC considers that the internal auditor has carried out her function according to appropriate professional standards except for certain subsidiaries of the Group which internal auditor was not able to carry out her function properly. On 19 January 2018, the Company suspended Mr. Chow's duties as an executive Director and removed him from the office of CEO. Once any material internal control defects are identified during the course of internal audit, the internal auditor reported to the Board immediately for remedial action.

The Executive Chairman together with the AC has engaged Shinewing as its internal control reviewer to conduct a review of the Group's internal control systems for the Year on 15 May 2018 and 6 March 2019, including but not limited to the Group's financial close reporting process, revenue and receipts, cost of services, expenditures and payments, inventory management, bank and cash flow management, fixed assets management, human resources and payroll management, review on information technology systems as well as compliance procedures of relevant rules and regulations the Internal Control Review, and to make recommendations to the Company for this purpose. The internal control report of the observations, recommendations and the follow-up actions had presented to the AC for the Year. The observations and recommendations are communicated to senior management and the AC. The Board, through the AC has reviewed the internal control review report, it was noted in the internal control review report that all the remediate actions has been followed up by the management. Please refer to the paragraph headed Internal Control Review above in this CG Report for the findings of such review.

The AC considers that the internal audit function is adequately resourced and has appropriate standing in the Company.

The AC has met, at least annually, to review the adequacy and effectiveness of the internal audit function. In view of the above, the Board and the AC considered the Company is under the executive plan to strengthen the internal control mechanism.

IV. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Shareholders' Rights

Principle 14:

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

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

In line with the Group's disclosure obligations pursuant to the Listing Manual and HK Listing Rules, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner for all material developments that impact the Group via SGXNet and SEHK's website on an immediate basis.

At the general meetings, Shareholders will be given the opportunity to raise questions to the Directors and the management relating to the Group's business and performance. The Directors, respective chairman of the Board committees, as well as external auditor, are present to address any relevant queries raised by Shareholders. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

Accompanying the notice of annual general meeting and extraordinary general meeting is a proxy form so that (i) Shareholders who are individuals may appoint up to 2 proxies; and (ii) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than 2 proxies to attend on their behalf, should Shareholders be unable to personally attend the meetings.

Communication with Shareholders

Principle 15:

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

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

The Company does not practise selective disclosure of material information and makes all necessary disclosures to the Shareholders and the public via SGXNET and the SEHK's website. Any investors may send their enquiries to the Company by email.

The Company has established different communication channels with Shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of annual general meeting and other general meetings, circulars and proxy forms and other corporate information) required under the HK Listing Rules and the Listing Manual; (ii) the general meetings of the Company provide a forum for communication between the Board and the Shareholders. The Executive Chairman as well as the respective chairman of the NC, the RC and the AC or, in their absence, other members of the respective committees are available to answer questions for Shareholders and stakeholders at the general meetings; (iii) the Company's share registrars deal with Shareholders for share registration and related matters; and (iv) the Company handles enquiries from Shareholders and investors generally.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Investor Relationship Department of the Group by email to ir@yorkshinegroup.com for onward transmission of the communications relating to (i) matters within the Board's purview to designated Directors, (ii) matters within Board committees' area of responsibility sent to the chairman of the appropriate committee, and (iii) ordinary business matters, such as suggestions, inquiries and consumer complaints to the appropriate Company's executive.

The Company does not have a dividend policy. However, the Company will work towards maintaining a balance between meeting Shareholders' expectations and prudent capital management. The issue of payment of dividends is deliberated by the Board annually, having regard to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate). Given the financial position of the Group and the cautious view on the Group's prospects, no dividend has been declared or recommended by the Board in respect of the Year.

To promote effective communication, the Company maintains a website at www.yorkshinegroup.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Company will consider the use of other forums such as analyst briefing as and when required.

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

Pursuant to Regulation 93 of the Constitution, no person other than a Director retiring at a general meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at the general meeting unless not less than eleven clear days before the date appointed for the general meeting there shall have been lodged at the registered office of the Company a notice in writing signed by the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting for which such notice is given of his/her intention to propose such person for election and also a notice in writing signed by the person to be proposed of his/her willingness to be elected, provided that such notice shall be lodged during the period commencing on the day after the despatch of the notice of the general meeting appointed for such election and ending no later than eleven clear days prior to the date of such general meeting.

There was no change in the Company's constitutional documents during the Year.

CONDUCT OF SHAREHOLDERS' MEETINGS

Principle 16:

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

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

For putting forward proposals at the general meeting, Shareholders should submit a written notice with detailed contact information to the Company's registered office which is set out in the section headed "Corporate Information" of this annual report to request an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such extraordinary general meeting shall be held within two months after the deposit of such requisition.

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

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

- At least 14 clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

- At least 21 clear business days' notice in writing if the proposal constitutes a special resolution of the Company.

- At least 20 clear business days' notice in writing to be sent for the annual general meeting.

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

The respective chairman of the NC, RC and AC have attended the AGMs to address the queries raised by the Shareholders. Besides that, the Baker Tilly TFW LLP, the external auditor, has attended the AGM to address any queries with regards to the audit of the Company and the Group.

Voting in absentia, which is currently not permitted, may only be possible following a careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

The Company prepares minutes of general meetings, which have recorded comments and queries from the Shareholders thereat and responses from the Board and management. These minutes are made available upon request by the Shareholders.

COMPANY SECRETARIES

The Company Secretaries have provided the Board with regular updates on the requirements of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), the Listing Manual, the HK Listing Rules and other rules and regulations where applicable. At least one of the Company Secretaries (or their representative(s)) also attends each Board meeting and assists the Executive Chairman in ensuring that Board procedures, and all applicable laws, rules and regulations, are followed. The Company Secretaries play an essential role in the relationship between the Company and Shareholders, including to assist the Board in discharging its obligations to Shareholders.

During the Year, the Company Secretaries were Mr. Srikanth Rayaprolu ("**Mr. Rayaprolu**") and Mr. Kwok Siu Man ("**Mr. Kwok**").

Mr. Rayaprolu and Mr. Kwok are nominees of the external professional service providers appointed to act as the Company Secretaries in compliance with the Companies Act, the Listing Manual and the HK Listing Rules respectively.

Mr. Kwok was appointed by the Board as a Company Secretary with effect from 1 November 2016 and he resigned as a Company Secretary with effect from 7 August 2018.

The appointment of Mr. Kwok for the Year as a Company Secretary has been nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") under an engagement letter made between the Company and Boardroom. As Mr. Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the SEHK for a substantial amount of time since then, he was not required to have at least 15 hours of relevant continuous professional development training for each of the five consecutive years from 2012 (including the first eight months of the Year). However, despite the above exemption. Mr. Kwok had delivered and attended over 15 hours' relevant seminars during the Year pursuant to Rule 3.29 of the HK Listing Rules.

During the Year, the primary person at the Company with whom Mr. Kwok had been contacting in respect of company secretarial matters was Mr. Keith Tsang, Company Secretarial Officer, who left the Group in July 2018 and rejoined the Group in January 2019.

As Mr. Rayaprolu does not possess the requisite qualifications for a company secretary under Rules 3.28 and 8.17 of the HK Listing Rules under SEHK (the "**Requirements**"), the Company has applied for, and SEHK has granted, a waiver to the Company from strict compliance with the Requirements (the "**Waiver**"). Although the Waiver expired on 3 December 2018, Mr. Rayaprolu remains as the company secretary of the Company in order to comply with Sections 171(1) and 171(1AA) of the Companies Act (Chapter 50) in the Republic of Singapore. Mrs. Fung Lui Kit Har, Keziah ("**Mrs. Fung**") has been appointed as a company secretary of the Company in Hong Kong under Rule 3.28 of the Listing Rules with effect from 1 March 2019 such that the Company has at least one company secretary who fulfils the Requirements.

Directors' Securities Transactions

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

Having been specifically enquired by the Company, all current Directors have confirmed that they had complied with the required standard of dealings set out in the Model Code and its code of conduct throughout the Year for securities transactions.

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

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the HK CG Code. Saved as disclosed, the current Board has considered the corporate governance policy and practices, reviewed the Company's internal codes for securities dealing, the whistle-blowing policy and interested person transactions ("**IPTs**") and connected transaction ("**CTs**") entered into by the Group for the Year as required under the applicable requirements of the Listing Manual and the HK Listing Rules.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of IPTs and CTs.

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

There was no transaction with interested person during the Year that exceeded the stipulated thresholds as specified in Chapter 9 of the Listing Manual.

Material Contracts and Loans

Save for the service agreements between the Directors and the Company, and as disclosed in the Group's consolidated financial statements for the Year, there were no material contracts and loans of the Company, or any of its subsidiaries involving the interests of the CEO or any Directors or controlling Shareholders, during the Year, either still subsisting at the end of the Year or if not then subsisting, which were entered into since the end of the previous financial year.

Proceeds from the Placing

The Company raised net proceeds of approximately HK$46.86 million (approximately S$8.28 million) from the placing of 20,680,000 ordinary shares of the Company at a placing price of HK$2.32 (equivalent to approximately S$0.401) each placing share, which was completed on 1 August 2016 (the "**Placing**"). Such proceeds were expected to be utilised for the purpose of funding potential business expansion or development when opportunities arise or for general working capital purpose.

Details of the use of the proceeds were set out in the Company's announcements dated 8 September 2017 and 23 January 2019. All the proceeds have been fully utilised.

The utilisation of proceeds announced on 8 September 2017 and 23 January 2019 are in line with the Company's intended uses as stated in the Company's announcement released on 1 August 2016.

Management's Response to Certain Qualified Audit Opinion

The audit qualified opinion in connection with the balances for both (a) property, plant and equipment; and (b) investments in subsidiaries and amount due from subsidiary as at 30 April 2018 are no longer exist.

During the current financial year, the following impairment losses have been recognised on:

(i) property, plant and equipment amounting to US$11,720,000 in the Group's profit or loss

(ii) investments in subsidiaries and amount due from subsidiary amounting to US$79,460,000 and US$31,497,000 respectively in the Company's profit or loss as disclosed in Note 19 to the financial statements.

The opening balances of current year (i.e. as at 1 May 2017) and the comparative figures disclosed in these consolidated financial statements are based on the consolidated financial statements of the Group for the previous financial year ended 30 April 2017, on which the independent auditor has expressed a qualified opinion in the independent auditor's report dated 1 August 2018. Consequently, the independent auditor are unable to determine whether any adjustments might be necessary to the profit or loss for the current year and opening accumulated losses as at 1 May 2017 of the Group and the Company. The opinion of the independent auditor on the current financial year's financial statements is also modified because of the possible effect of the above matters as well as the other matters as described in Note 36 to the financial statements on the comparability of the current year's figures and the corresponding figures.

Directors' Statement

The board (the "**Board**") of directors (the "**Directors**") of YORKSHINE HOLDINGS LIMITED (the "**Company**") hereby presents their statement to the shareholders of the Company (the "**Shareholders**") together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2018 (the "**Year**").

In the opinion of the Directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 82 to 180 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 April 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore; and

(ii) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Reference to this statement shall include the "Directors' Report" as referred to under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**" and the "**HK Listing Rules**" respectively).

Principal Activities

During the Year, the Company acted as an investment holding company and its subsidiary corporations were principally engaged in (1) manufacturing, sales and distribution of tinplate and related products for metal packaging industry in the People's Republic of China (the "**PRC**"); and (2) trading and distribution of iron ore, coal and steel products.

Results and Appropriations

The financial performance of the Group for the Year and the financial position of the Company and the Group as at that date are set out in the sections headed "Consolidated Income Statement", "Consolidated Statement of Comprehensive Income", "Statements of Financial Position", "Statements of Changes in Equity", "Consolidated Statement of Cash Flows" and "Notes to the Financial Statements" of the annual report.

The Board has resolved not to recommend the payment of a final dividend for the Year (2017: US$Nil).

None of the shareholders of the Company has waived or entered into any arrangement to agree to waive any dividends.

BUSINESS REVIEW

A review of the business of the Group during the Year, which includes an analysis of the Group's performance using financial key performance indicators, a discussion on the Group's future business development are set out in the section headed "Management Discussion and Analysis" of the annual report. The principal risks and uncertainties that the Group may face and a discussion on the relationships of the Group with its key stakeholders are set out on pages 61 to 63 of this statement. Details of discussions on (i) the Group's environmental policies and performance; and (ii) the Company's compliance with the relevant laws and regulations that have a significant impact on the Company are set out on pages 64 to 65 of this statement. Particulars of important events affecting the Group that have occurred since the end of the reporting period are set out in Note 35 to the financial statements. The review forms part of this statement.

RISK FACTORS

The possible risks and uncertainties together with the corresponding steps undertaken by the Group are set out below:

Potential risks and uncertainties	**Actions taken by the Company**
The Company's shares have been suspended from trading on the SEHK and the SGX-ST since 1 August 2017 (the "**Effective Date**"). The conditions to be met by the Company for trading in its shares to resume on the SGX-ST, as announced on 21 September 2018, are as follows: (1) Pursuant to Rule 1304(1) of the Listing Manual of the SGX-ST ("**SG Listing Rules**"), the Company is required to submit a proposal to the SGX-ST with a view to resuming trading in its securities ("**Resumption Proposal**") within 12 months of the date of suspension, i.e. by 1 August 2018; and (2) Pursuant to Rule 1304(2) of the SG Listing Rules, the Company is required to implement the Resumption Proposal within 6 months from the date the SGX-ST indicates that it has no objection to the Resumption Proposal. If no Resumption Proposal is received to enable trading to resume within 12 months of the date of suspension, or if the Resumption Proposal is not implemented within 6 months from the date the SGX-ST indicates that it has no objection to the Resumption Proposal, the SGX-ST may remove the Company from the Official List of the SGX Main Board.	The Company has been working towards submitting the Resumption Proposal as required under the SG Listing Rules. As announced by the Company on 1 August 2018, the Company had applied to the SGX-ST for an extension of time of five months to submit the Resumption Proposal. The Company is currently working towards addressing certain queries raised by the SGX-ST regarding its application and there is no certainty that the SGX-ST will grant the extension of time to the Company. The Company will continue to review the available options to meet the requirements of Rule 1304(1) of the SG Listing Rules.

Potential risks and uncertainties	Actions taken by the Company
The resumption conditions for the resumption of trading in the shares of the Company on the SEHK, (the "**Resumption Conditions**") which are summarised below: Letter from SEHK dated 27 October 2017: (a) address and take appropriate actions on the concerns raised by the auditor of the Company on certain documents relating to the conduct of the Group's trading and distribution of iron ore, coal and steel products and the findings of an independent review into the facts and circumstances surrounding certain sales and purchases agreements, their veracity and impact on the Group's financial statements conducted by PricewaterhouseCoopers Consulting (Singapore) Pte Ltd; (b) publish outstanding results and address any audit qualifications; (c) demonstrate that the Company has put in place adequate internal control systems; and (d) inform the market of all material information. Letter from SEHK dated 10 September 2018: (e) demonstrate its compliance with Rule 13.24 of the HK Listing Rules including, but not limited to, carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the SEHK to warrant the continued listing of the Company's securities.	The Company has been working towards satisfying the Resumption Conditions: • The Company has addressed and taken appropriate actions on the concerns raised by Baker Tilly TFW LLP, the independent auditor of the Company, on certain documents relating to the conduct of the Group's trading and distribution of iron ore, coal and steel products and the findings of the independent review conducted by PricewaterhouseCoopers Consulting (Singapore) Pte Ltd. • The Company published its financial results for the year ended 30 April 2017 on 1 August 2018. The Company has also taken action to address the audit qualifications thereon. The Company announced its financial results for the year ended 30 April 2018 on 16 April 2019. There is no further audit qualified opinion in connection with the net carrying amounts of (a) property, plant and equipment ("**PPE**") as stated in the consolidated statement of financial position of the Group as at 30 April 2018 and (b) investment in subsidiary as stated in the statement of financial position of the Company as at 30 April 2018, respectively. However, the auditor's opinion on the current financial year's financial statements is modified because inability to determine how much of the impairment losses on PPE and investments in subsidiaries and amounts due from subsidiaries, if any, relates to the profit or loss in prior years and the comparability of the current year's figures and the corresponding figures. Noting that the interim financial results for the period of six months ended 31 October 2018 is due to be announced by 31 December 2018 but the Company has missed the schedule, the Company is using its best endeavors to publish all outstanding results to meet the resumption condition and in compliance with the SG Listing Rules and HK Listing Rules.

Potential risks and uncertainties	Actions taken by the Company
Letter from SEHK dated 27 November 2018: (f) demonstrate that the directors of the Company meet the standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rule 3.08 of the HK Listing Rules. Under Rule 6.01A(2)(b)(ii) of the HK Listing Rules, the SEHK may cancel the Company's listing if trading in the Company's shares has remained suspended for 12 continuous months from the Effective Date. If the Company fails to fulfil all the Resumption Conditions, including the Additional Resumption Condition, to the SEHK's satisfaction and resume trading in the Shares by 31 July 2019, the listing department of the SEHK will recommend the listing committee of the SEHK to proceed with the cancellation of the Company's listing. This is subject to the SEHK's right to impose a shorter specific remedial period under Rule 6.10 of the HK Listing Rules where appropriate.	• As reported under the section headed "Corporate Governance Report" of this annual report, the Group has been using its best endeavors to put in place adequate internal control systems. • The Group has been making periodic announcement informing the market of all material information. • The manufacturing operation of the Company has resumed operations in May 2018. The Group is committed to demonstrate sufficient level of operations to SEHK to warrant the continued listing of the Company's securities. • The Company will seek advice as to the fulfilment of the resumption condition set out in the letter from SEHK dated 27 November 2018 and will make further disclosure as and when appropriate.
The development and construction of the Group's projects and the future expansion are subject to regulations of the authorities in the PRC, including building and construction, environmental and safety requirements.	The Group will carefully observe the global regulatory requirements and take appropriate strategic moves in response to those changes.

[1] "Note: Characteristics of issuers which are unable to comply with Rule 13.24 include:
The following is a reproduction of the Note to Rule 13.24 of the HK Listing Rules:

(i) financial difficulties to an extent which seriously impairs an issuer's ability to continue its business or which has led to the suspension of some or all of its operations; and/or
(ii) issuers which have net liabilities as at their balance sheet date, i.e. issuers whose liabilities exceed their assets."

ENVIRONMENTAL POLICIES AND PERFORMANCE

This section covers the environmental policies and performance of the Company during the Year. The Environmental, Social and Corporate Governance Report prepared in accordance with Appendix 27 to the HK Listing Rules will be published on the websites of the Company, the SGX-ST and the SEHK in due course.

Throughout the Year, the Group has strived to operate in compliance with applicable environmental laws as well as to protect the environment by minimising the negative impact of the Group's existing business activities on the environment and supporting natural and environmental protection schemes.

The Group considers that environmental protection is crucial to all aspects of lives. Therefore, it encourages corporate initiatives, activities and practices which have minimal adverse impact on the environment, and where possible, gear towards conservation and preservation of the environment.

To protect the environment and improve air quality within the community, the Group has taken several measures to mitigate environmental pollution, such as:

- supporting material-saving;
- supporting environmental friendly working environment;
- reducing energy consumption;
- enhancing machines and equipment;
- recycling and reducing;
- making double-sided printing and copying; and
- using recycled paper and reducing energy consumption by switching off idle lightings and installing electrical appliances in the offices.

To support a work-life balance lifestyle, the Group encourages the reduction of over-time work in non-peak seasons. The Group encourages social interaction amongst employees through various social events and sports activities. More activities will be arranged relating to business, culture, literature, education, religion, health and social care for the employees.

The Group ensures that a workplace is free from gender discrimination and harassment based on race, colour, gender, national origin, marital status and religion as required under the relevant laws.

The occupational safety and health guidelines are effectively developed, implemented and continuously improved in our factory in the PRC. To provide a rewarding and supporting working environment, the Group continues to invest in our people and provide professional training to employees through various training programmes, workshops and seminars.

The Group is committed to make a positive contribution to the communities in which its business is located. During the Year, the Group continued to support meaningful activities in the community, and to encourage and promote volunteerism throughout the Group.

The principal governance and investor relations issues are set out in the section headed "Corporate Governance Report" of the annual report.

Compliance with the relevant laws and regulations that have a significant impact on the Company

The Group has lost contact with some directors under three of the inactive subsidiaries which were incorporated in Singapore. No annual general meeting has been held for in those subsidiaries.

Saved as disclosed and to the best knowledge, information and belief of the current Directors, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company throughout the Year.

Key Stakeholder Relationship

The key stakeholders of the Group comprise of its employees, customers, suppliers, investors and government of various countries in particular the PRC (including Hong Kong) and Singapore. Details of the relationship with employees are set out in the section headed "Human Capital and Business Strategy" of the annual report.

The relationship of the Group with its investors can be found in the Corporate Governance Report of the annual report.

The relationship of the Group with its suppliers and customers can be found under the paragraph "Major Customers and Suppliers" in this statement.

Investment in Subsidiary Corporations

Particulars of the Company's principal subsidiary corporations as at 30 April 2018 are set out in Note 19 to the financial statements.

Summary of Financial Information

A summary of the financial performance, assets and liabilities and non-controlling interests of the Group for the last five years ended 30 April, as extracted from the published audited financial statements is set out in the section headed "Five-Year Summary" in the annual report.

Property, Plant and Equipment, Investment Property and Land Use Rights

Details of movements in the property, plant and equipment, investment property and land use rights of the Group during the Year are set out in Notes 15, 16 and 17 to the financial statements.

During the Year, the property held for development and/or sale or for investment purpose do not exceed 5% of any of the percentage ratios as defined under Rule 14.04(9) of the HK Listing Rules.

Share Capital

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

Issue of Shares

There was no new issue of share during the Year.

For the previous financial year ended 30 April 2017, a successful placing of 20,680,000 shares of the Company at the placing price of HK$2.32 each was completed on 1 August 2016.

Net proceeds from the Placing after deducting the transaction costs amounted to approximately HK$46,860,000 (US$6,000,000), which were intended to be utilised for funding potential business expansion or development when opportunities arose or for general working capital.

Status of the use of the proceeds has been updated in the Company's announcement dated 8 September 2017 and 23 January 2019. All the above proceeds have been fully utilised.

Reserves

Details of movements in the reserves of the Company and the Group during the Year are set out in the statements of changes in equity.

As at 30 April 2018, no amount of the Company's reserves was available for distribution to the Shareholders (2017: US$Nil).

Equity-Linked Agreements

The Company has not entered into any equity-linked agreements during the Year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Constitution or the laws of Singapore, which would oblige the Company to offer its new shares on a pro-rata basis to the existing Shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiary corporations purchased, sold or redeemed any of the Company's listed securities during the Year.

Share Option

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

Major Customers and Suppliers

Total sales and total purchases of the Group was US$Nil during the Year since both the Trading and Distributing business and Tinplate Manufacturing business were under suspension.

To ensure a timely and reliable supply of raw materials better, the Group taps into the Group's network of suppliers and business partners through its integrated supply chain activities.

The Group's established good working relationships with its customers as well as its strong sales and marketing team place the Group in a good position to act as the conduit for the supply of products. Throughout the Year, the Group has been preparing for the reactivation of its operations by keeping contact with its customers and suppliers.

For the previous financial year ended 30 April 2017, the sales to the Group's five largest customers accounted for 70% of the Group's total sales and sales to the largest customer included therein amounted to 17%; the purchases from the Group's five largest suppliers accounted for 99% of the Group's total purchases and purchases from the largest supplier included therein amounted to 55%.

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

Permitted Indemnity Provision

The articles of association of the Company (the "**Constitution**") provides that subject to the provisions of and so far, as may be permitted by the statutes, every Director or chief executive officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him:

(a) in the execution and discharge of his duties or as an officer or auditor of the Company unless the same arises as a result of any negligence, default, breach of duty or breach of trust on his part in relation to the Company; or

(b) in defending any proceeding, whether civil or criminal (relating to the affairs of the Company) in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Singapore Companies Act, Chapter 50 in which relief is granted to him by the court.

Insurance cover in respect of liabilities against the Directors arising from their offices and execution of their powers, duties and responsibilities has been in place during the Year.

The relevant provisions in the Constitution and proper Directors' and officers' liability insurance were in force during the Year and as of the date of this statement.

Donations

During the Year, the Group has not made any donation (2017: US$Nil).

Directors

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

Executive Directors

Zhu Jun *(Executive Chairman)*
Chow Kin Wa *(Chief Executive Officer)* (Note 1)
Wang Jianqiao
Lei Yonghua (Note 2)

Note 1: Mr. Chow Kin Wa was removed as the chief executive officer of the Company on 19 January 2018 and resigned as an executive Director on 2 February 2018.

Note 2: Mr. Lei Yonghua was appointed with effect from 21 March 2019.

Non-executive Director

Ouyang Qian

Independent Non-executive Directors

Foo Teck Leong
Tang Chi Loong
William Robert Majcher

In accordance with Regulation 89 of the Company's Constitution, Messrs Zhu Jun and William Robert Majcher shall retire by rotation at the forthcoming annual general meeting of the Company (the "**2019 AGM**"). Pursuant to Regulation 88 of the Company's Constitution, Mr. Lei Yonghua who was appointed on 21 March 2019 will hold office until the conclusion of the 2019 AGM. The retiring Directors, being eligible, shall offer themselves for re-election at the 2019 AGM.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors (the "**INEDs**") pursuant to Rule 3.13 of the HK Listing Rules and considers all of the INEDs to be independent.

The biographical details of the Directors are set out in the section headed "Board of Directors" of the annual report.

Directors' Service Contracts

None of the Directors proposed for re-election at the 2019 AGM has an unexpired service contract with the Company or any of its subsidiary corporations, which is not determinable by the Group within one year without payment of compensation, other than normal statutory obligations.

Arrangements to Enable Directors to Acquire Shares and Debentures

Save as disclosed in this statement, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiary corporations or fellow subsidiary corporations a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Directors' Remuneration

The Directors' remuneration is subject to the approval of the Board upon the recommendation of the Remuneration Committee by reference to the Directors' responsibilities and performance and the financial performance of the Group. Details of same for the Year are set out in Note 10 to the financial statements.

Directors' Interests in Shares and Debentures

(A) Disclosure under Singapore Law

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

	Number of ordinary shares			
	Shareholdings registered in the name of Director		Shareholdings in which a Director is deemed to have an interest	
	At 30.4.2018	At 1.5.2017	**At 30.4.2018**	At 1.5.2017
The Company				
Zhu Jun	**700,000**	700,000	**126,803,668**	126,803,668
Holding company				
*Golden Star Group Limited ("**GSGL**")*				
Zhu Jun	**50,000**	50,000	**–**	–

(a) By virtue of Section 7(4) of the Companies Act, Mr. Zhu Jun, an executive Director, who is also the legal and beneficial owner of the entire issued and paid up capital in GSGL and a Director of GSGL, is deemed to have an interest in the Company and all the related corporations of the Company.

(b) There was no change in any of the above-mentioned interests between the end of the Year and 21 May 2018.

(ii) By virtue of Section 7(4) of the Companies Act, the following Director is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations, and in the shares held by the Company in the partially-owned subsidiary corporations set out below:

	Ordinary shares/Equity capital					
	Shareholdings registered in the name of Director		Shareholdings/capital in which a Director is deemed to have an interest			
	At 30.4.2018	At 1.5.2017	At 30.4.2018		At 1.5.2017	
			Number of shares	Amount of shares	Number of shares	Amount of shares
Partially-owned subsidiary corporations						
Novo Steel (HK) Limited (Note 1)						
Zhu Jun	–	–	–	–	2,550,000	HK$2,550,000
*Yorkshine New Material (Taizhou) Limited**						
Zhu Jun	–	–	N/A	US$19,551,000	N/A	US$19,551,000
*Qiang Hua (Shanghai) Trading Limited**						
Zhu Jun	–	–	N/A	RMB16,000,000	N/A	RMB16,000,000
*Hua Qiang (Shanghai) Trading Limited**						
Zhu Jun	–	–	N/A	RMB4,000,000	N/A	RMB4,000,000
*Guang Dong Yong Peng Import and Export Trading Co., Ltd.**						
Zhu Jun	–	–	N/A	RMB5,100,000	N/A	RMB5,100,000
*Taizhou Hua Yong Trading Limited**						
Zhu Jun	–	–	N/A	RMB4,000,000	N/A	RMB4,000,000
*Xing Hua City Daduo Sewage Treatment Co., Ltd.** (Note 3)						
Zhu Jun	–	–	N/A	RMB3,990,000	N/A	RMB3,990,000
The Payment Cards Global Limited						
Zhu Jun	–	–	16,500,000	HK$16,500,000	16,500,000	HK$16,500,000
Organic Beer Hong Kong Limited (Note 2)						
Zhu Jun	–	–	7,500,000	HK$8,000,000	–	–

* Unofficial English translation

(Note 1): Novo Steel (HK) Limited has been struck off from register on 28 July 2017.

(Note 2): Completion of acquisition on 8 September 2017.

(Note 3): Xing Hua City Daduo Sewage Treatment Co., Ltd.* was disposed of on 21 September 2018.

N/A Not applicable

(B) Disclosure under Hong Kong Law

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

As at 30 April 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**"))), which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HK Listing Rules (the "**Model Code**"), to be notified to the Company and the SEHK were as follows:

(i) Shares of the Company

Name of Director/ chief executive	Long/short position	Capacity/Nature of interests	Number of issued ordinary shares held					Approximate percentage of interest in the total issued shares of the Company (Note 1)
			Personal interests	Family interests	Corporate interests	Other interests	Total interests	
Zhu Jun	Long	Beneficial owner and interest in a controlled corporation	700,000	–	126,803,668 (Note 2)	–	127,503,668	66.59

(Note 1): The percentage of shareholding was calculated based on the Company's total issued shares as at 30 April 2018 (i.e. 191,484,269).

(Note 2): The 126,803,668 ordinary shares are held by GSGL, the holding company of the Company, which is wholly-owned by Mr. Zhu Jun, an executive Director and the executive Chairman. By virtue of Part XV of the SFO, Mr. Zhu Jun is deemed to be interested in all the shares held by GSGL.

(ii) Long Position in the Ordinary Shares of Associated Corporation

Name of Director/ chief executive	Capacity/ Nature of interests	Name of associated corporation	Number of issued ordinary shares held	Percentage of interest in the total issued shares of associated corporation
Zhu Jun	Personal interest	GSGL	50,000	100

Save as disclosed above, as at 30 April 2018, none of the Directors nor the chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the SEHK.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 April 2018, so far as is known to the Directors, the following corporation, other than the Directors and the chief executives of the Company had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under to Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity/Nature of interests	Number of issued ordinary shares held	Approximate percentage of interest in the total issued shares of the Company
GSGL (Note)	Long	Beneficial owner	126,803,668	66.22

(Note): GSGL is wholly-owned by Mr. Zhu Jun, an executive Director and the executive Chairman. By virtue of Part XV of the SFO, Mr. Zhu Jun is deemed to be interested in all the shares held by GSGL.

Save as disclosed above, as at 30 April 2018, so far as is known by or otherwise notified to the Directors, no corporation or person other than a Director or the chief executives of the Company had interests and short position in the shares and underlying shares of the Company as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, all current Directors declared that they did not have interest in the businesses, which competed or was likely to compete, directly or indirectly, with the businesses of the Group pursuant to the HK Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts and Directors' Contractual Benefits

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

Save as disclosed in the financial statements, no transactions, arrangements or contracts of significance in relation to the Group's businesses to which the Company, or its subsidiaries or fellow subsidiaries, or the holding company of the Company was a party and in which a Director or his/her connected entity/(ies) had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Save for the above, since 30 April 2017, the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the Director or with a firm of which he is a shareholder or with a company in which he has a substantial financial interest.

Controlling Shareholders' Interests in Contracts

Save as disclosed in Note 4 to the financial statements, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiary corporations was a party and in which any controlling Shareholder or any of its subsidiary corporations had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Material Acquisition

Acquisition of Organic Beer Hong Kong Limited

On 20 July 2017, the Company announced that Star Promise Investments Limited ("**SPIL**"), a wholly-owned subsidiary of the Company, Mr. Sun Bao Gang, Ms. Wu Ching Man and Organic Beer Hong Kong Limited ("**OB**") entered into a Subscription and Shareholders' Agreement (the "**Subscription Agreement**"), pursuant to which SPIL had conditionally agreed to subscribe, and OB had conditionally agreed to issue and allot to SPIL, subject to fulfilment of certain conditions (the "**Conditions Precedent**"), new ordinary shares in the OB (representing 60% of the issued share capital of OB immediately after the subscription) at the subscription price of HK$8,000,000 equivalent to approximately US$1.03 million (the "**Subscription**"), which was determined based on various factors including the costs of acquisition or leasing of machinery and equipment necessary for the operation of the business and as general working capital for the operation of the business to OB.

OB is a brewery of additive-free beer in Hong Kong.

The Subscription was completed on 8 September 2017. The financial information of OB was consolidated into the consolidated financial statements of the Group with effect from 8 September 2017.

Management Contracts

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

Audit Committee

The Audit Committee consists of three members, all of whom are INEDs. During the Year and as at the date of this statement, the Audit Committee comprises the following members:

Foo Teck Leong *(Chairman)*
Tang Chi Loong
William Robert Majcher

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

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

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

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

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

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

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

The Audit Committee convened four meetings during the Year and reviewed the Group's quarterly/interim/annual results and interim/annual reports, the financial reporting and compliance procedures. The Audit Committee has also met with the Company's external auditor, without the presence of the executive Directors, at least once a year.

The Audit Committee has recommended to the Board the nomination of Messrs Baker Tilly TFW LLP, for re-appointment as the independent auditor of the Company (the "**Independent Auditor**") at the forthcoming AGM.

Review of Annual Results

The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year and the annual report, including the accounting principles and practices adopted by the Group, with the management. It has also considered selected accounting, risk management, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

Related Party Transactions

The Group entered into certain related party transactions during the Year as disclosed in Note 4 to the financial statements. Save for the transaction disclosed in the section headed "Connected Transaction" of this statement, these related party transactions constituted exempt connected transactions or continuing connected transactions under Chapter 14A of the HK Listing Rules, which were exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

The relevant non-exempt connected transactions had complied with the disclosure requirements of the HK Listing Rules.

Internal Controls

The Company is committed to maintaining a sound system of internal controls and risk management.

Corporate Governance

Details of the principal corporate governance practices are set out in the section headed "Corporate Governance Report" of the annual report.

Significant Events after the reporting period

Details of the significant events after the reporting period of the Group and up to the date of this statement are set out in Note 35 to the financial statements.

Tax Relief

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of shares of the Company.

Independent Auditor

Messrs Baker Tilly TFW LLP has expressed its willingness to accept re-appointment as the Independent Auditor. Messrs Baker Tilly TFW LLP will retire and a resolution for their re-appointment as Independent Auditor will be proposed at the forthcoming AGM.

Sufficient Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float (i.e. at least 25% of the Company's total issued shares are held by the public) during the Year and thereafter up to the date of this statement.

On behalf of the Board

Zhu Jun
Executive Director

Wang Jianqiao
Executive Director

16 April 2019

Independent Auditor's Report

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Yorkshine Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 82 to 180, which comprise the statements of financial position of the Group and the Company as at 30 April 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2018, 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

Corresponding figures and impairment loss

The opening balances as at 1 May 2017 and the comparative figures disclosed in these consolidated financial statements are based on the consolidated financial statements of the Group for the previous financial year ended 30 April 2017, on which we expressed a qualified opinion in our independent auditor's report dated 1 August 2018. Our basis for qualified opinion on the consolidated financial statements of the Group for the previous financial year ended 30 April 2017 are disclosed in Note 36 to the financial statements.

During the current financial year, the following impairment losses have been recognised:

(i) the Group recognised an impairment loss on property, plant and equipment amounting to US$11,720,000 in the Group's profit or loss as disclosed in Note 15 to the financial statements.

(ii) the Company recognised impairment losses on investments in subsidiaries and amount due from subsidiary amounting to US$79,460,000 and US$31,497,000 respectively in the Company's profit or loss as disclosed in Note 19 to the financial statements.

However, we are unable to determine how much of the impairment losses on the property, plant and equipment, investments in subsidiaries and amount due from subsidiary, if any, relates to the profit or loss in prior years. Consequently, we are unable to determine whether any adjustments might be necessary to the profit or loss for the financial year ended 30 April 2018 and opening accumulated losses as at 1 May 2017 of the Group and the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

BASIS FOR QUALIFIED OPINION (CONTINUED)

Corresponding figures and impairment loss (Continued)

Our opinion on the current financial year's financial statements is also modified because of the possible effect of the above matters as well as the other matters as described in Note 36 to the financial statements 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 2018, the Group incurred a net loss from continuing operations of US$13,383,000 (2017: US$11,076,000) and the Company incurred a net loss of US$112,459,000 (2017: US$1,742,000). As at 30 April 2018, the Group's current liabilities exceeded the current assets by US$57,595,000 (2017: US$22,692,000) and the Group's total liabilities exceeded the total assets by US$9,563,000 (2017: Net assets of US$759,000) respectively. As disclosed in Note 23 to the financial statements, the Group has not made payments of principal repayments at their respective due dates of other borrowings owing to a strategic partner. Other borrowings due to a strategic partner totalled US$5,438,000 as at 30 April 2018. The Group also received a letter dated 11 July 2018 from New Page Investments Limited demanding a total sum of US$33,248,000 to be repaid on or before 1 August 2018.

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 2018 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 as set out on pages 60 to 75, which we obtained prior to the date of this auditor's report, and the information included in the Annual Report 2018 (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.

Report on the Audit of the Financial Statements (Continued)

Other Information (Continued)

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. Because of the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 2018, 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.

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 period. 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. In addition to the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment review of the Group's property, plant and equipment

As disclosed in Note 15 to the financial statements, the Group's property, plant and equipment as at 30 April 2018 amounted to US$45,165,000 after deducting accumulated impairment losses of US$11,720,000, and accounted for approximately 77% of the Group's total assets as at 30 April 2018.

As disclosed in Note 3 to the financial statements, an impairment test to determine the recoverable amount of the Group's property, plant and equipment was performed. Based on impairment test performed, an impairment loss amounting to US$11,720,000 was recognised in the Group's profit or loss for the financial year ended 30 April 2018, to write down the carrying amount of the Group's property, plant and equipment to the recoverable amount as at 30 April 2018.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Impairment review of the Group's property, plant and equipment (Continued)

Impairment review of the Group's property, plant and equipment is considered a key audit matter due to the significance of this amount to the Group's consolidated financial position. In addition, there are significant judgement and estimations involved in the calculation of the recoverable amounts, in particular relating to forecasted cash flows and the discount rate applied to the value-in-use calculation.

Our procedures to address the key audit matter

In the course of our Group audit, we have evaluated the independence, objectivity, capabilities and competence of the component auditor of the subsidiary companies. We also engaged in continuous communications with the component auditor throughout the audit and reviewed the reply to audit instructions by the component auditor to satisfy our group audit requirements.

We have evaluated the sufficiency and appropriateness of the audit work performed and evidence obtained by the component auditor in their audit of management's impairment assessment of the property, plant and equipment of the subsidiary companies. We also evaluated independently the value-in-use calculation and assessed reasonableness of the key assumptions and inputs applied in the computation of the recoverable amounts of the Group's property, plant and equipment.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

16 April 2019

Consolidated Income Statement

For the financial year ended 30 April 2018

	Note	Group 2018 US$'000	2017 US$'000
Continuing operations			
Revenue	5	–	101,826
Cost of sales		–	(100,645)
Gross profit		–	1,181
Other income	6	**12,065**	7,643
Distribution and selling expenses	7	–	(796)
Administrative expenses		**(20,011)**	(8,702)
Other expenses		**(1,675)**	(5,927)
Finance costs	8	**(3,762)**	(4,479)
Loss before tax	9	**(13,383)**	(11,080)
Income tax credit	11	–	4
Loss from continuing operations, net of tax		**(13,383)**	(11,076)
Discontinued operations			
Profit from discontinued operations, net of tax	12	–	1,568
Loss for the financial year		**(13,383)**	(9,508)
Loss for the financial year attributable to:			
Equity holders of the Company	13	**(12,223)**	(9,274)
Non-controlling interests		**(1,160)**	(234)
Loss for the financial year		**(13,383)**	(9,508)
(Loss)/profit for the financial year attributable to equity holders of the Company relates to:			
Loss from continuing operations		**(12,223)**	(10,634)
Profit from discontinued operations		–	1,360
		(12,223)	(9,274)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 30 April 2018

	Group	
	2018	2017
	US$'000	US$'000
Loss for the financial year	**(13,383)**	(9,508)
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**2,470**	196
Other comprehensive income for the financial year, net of tax	**2,470**	196
Total comprehensive loss for the financial year	**(10,913)**	(9,312)
Total comprehensive loss for the financial year attributable to:		
Equity holders of the Company	**(9,958)**	(9,024)
Non-controlling interests	**(955)**	(288)
Total comprehensive loss for the financial year	**(10,913)**	(9,312)
Loss per share for loss for the financial year attributable to equity holders of the Company (Note 14) **(in US cents per share)**		
From continuing and discontinued operations		
Basic	**(6.38)**	(4.98)
Diluted	**(6.38)**	(4.98)
From continuing operations		
Basic	**(6.38)**	(5.71)
Diluted	**(6.38)**	(5.71)
From discontinued operations		
Basic	**–**	0.73
Diluted	**–**	0.73

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

Statements of Financial Position

As at 30 April 2018

	Note	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
Assets					
Non-current assets					
Property, plant and equipment	15	**45,165**	54,163	**–**	–
Investment property	16	**1,046**	–	**–**	–
Land use rights	17	**2,781**	2,585	**–**	–
Goodwill arising on business combinations	18	**–**	4	**–**	–
Investments in subsidiaries	19	**–**	–	**21**	110,978
Total non-current assets		**48,992**	56,752	**21**	110,978
Current assets					
Inventories	20	**652**	–	**–**	–
Trade and other receivables	21	**7,971**	5,535	**5,846**	1,029
Cash and cash equivalents	22	**1,262**	6,888	**66**	5,116
		9,885	12,423	**5,912**	6,145
Land use rights	17	**–**	507	**–**	–
Total current assets		**9,885**	12,930	**5,912**	6,145
Total assets		**58,877**	69,682	**5,933**	117,123
Liabilities					
Non-current liability					
Borrowings	23	**960**	33,301	**–**	–
Total non-current liability		**960**	33,301	**–**	–
Current liabilities					
Trade and other payables	24	**16,341**	15,946	**4,061**	2,792
Borrowings	23	**51,072**	19,392	**–**	–
Deferred income	25	**67**	284	**–**	–
Total current liabilities		**67,480**	35,622	**4,061**	2,792
Total liabilities		**68,440**	68,923	**4,061**	2,792
Net (liabilities)/assets		**(9,563)**	759	**1,872**	114,331

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

As at 30 April 2018

	Note	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
Equity					
Share capital	26	**38,390**	38,390	**114,891**	114,891
Accumulated losses		**(56,879)**	(42,905)	**(115,620)**	(3,161)
Foreign currency translation reserve		**2,748**	483	**–**	–
Statutory reserve	27	**33**	33	**–**	–
Other reserves	28	**3,134**	3,096	**2,601**	2,601
Total equity attributable to equity holders of the Company		**(12,574)**	(903)	**1,872**	114,331
Non-controlling interests		**3,011**	1,662	**–**	–
Total equity		**(9,563)**	759	**1,872**	114,331

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

Statements of Changes in Equity

For the financial year ended 30 April 2018

	Share capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Other reserves US$'000	Reserve of disposal group classified as held-for-sale US$'000	Total equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Group									
Balance at 1 May 2016	32,239	(33,492)	237	33	2,957	342	2,316	834	3,150
Transfer to other reserves	–	(139)	–	–	139	–	–	–	–
Loss for the financial year	–	(9,274)	–	–	–	–	(9,274)	(234)	(9,508)
Other comprehensive income/(loss):									
Currency translation differences arising on consolidation	–	–	246	–	–	4	250	(54)	196
Other comprehensive income/(loss) for the financial year, net of tax	–	–	246	–	–	4	250	(54)	196
Total comprehensive (loss)/income for the financial year	–	(9,274)	246	–	–	4	(9,024)	(288)	(9,312)
Issuance of ordinary shares (Note 26)	6,151	–	–	–	–	–	6,151	–	6,151
Incorporation of a subsidiary	–	–	–	–	–	–	–	1,436	1,436
Disposal of a subsidiary (Note 12(iii))	–	–	–	–	–	(346)	(346)	(320)	(666)
Balance at 30 April 2017	38,390	(42,905)	483	33	3,096	–	(903)	1,662	759

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

	Share capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Statutory reserve US$'000	Other reserves US$'000	Total equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Group								
Balance at 1 May 2017	38,390	(42,905)	483	33	3,096	(903)	1,662	759
Transfer to other reserves	–	(38)	–	–	38	–	–	–
Loss for the financial year	–	(12,223)	–	–	–	(12,223)	(1,160)	(13,383)
Other comprehensive income:								
Currency translation differences arising on consolidation	–	–	2,265	–	–	2,265	205	2,470
Other comprehensive income for the financial year, net of tax	–	–	2,265	–	–	2,265	205	2,470
Total comprehensive (loss)/income for the financial year	–	(12,223)	2,265	–	–	(9,958)	(955)	(10,913)
Incorporation of a subsidiary	–	–	–	–	–	–	591	591
Increase in non-controlling interests resulted from waiver of debts within the Group's subsidiaries	–	(1,713)	–	–	–	(1,713)	1,713	–
Balance at 30 April 2018	38,390	(56,879)	2,748	33	3,134	(12,574)	3,011	(9,563)

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

For the financial year ended 30 April 2018

	Share capital US$'000	Accumulated losses US$'000	Other reserves US$'000	Total equity US$'000
Company				
Balance at 1 May 2016	108,740	(1,419)	2,601	109,922
Loss and total comprehensive loss for the financial year	–	(1,742)	–	(1,742)
Issuance of ordinary shares (Note 26)	6,151	–	–	6,151
Balance at 30 April 2017	114,891	(3,161)	2,601	114,331
Loss and total comprehensive loss for the financial year	–	(112,459)	–	(112,459)
Balance at 30 April 2018	**114,891**	**(115,620)**	**2,601**	**1,872**

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

Consolidated Statement of Cash Flows

For the financial year ended 30 April 2018

	Note	Group 2018 US$'000	2017 US$'000
Cash flows from operating activities			
Loss before tax from continuing operations		**(13,383)**	(11,080)
Profit before tax from discontinued operations		**–**	1,568
Adjustments for:			
Amortisation of deferred income		**(224)**	(426)
Amortisation of land use rights		**73**	182
Bad debts written off		**283**	2,021
Depreciation of property, plant and equipment		**3,024**	2,568
Gain on assignment of loan obligations		**(10,414)**	–
Gain on disposal of a subsidiary		**–**	(1,153)
Gain on disposal of property held-for-sale		**–**	(4,159)
Gain on fair value adjustments on non-current loans due to former immediate and ultimate holding company		**–**	(2,701)
Impairment loss of goodwill		**79**	–
Impairment loss on property, plant and equipment		**11,720**	–
Interest expense		**3,751**	5,066
Interest income		**(1)**	(178)
Loss on disposal of land use rights		**16**	59
Loss on disposal of property, plant and equipment		**5**	35
Property, plant and equipment written off		**530**	–
Reversal of provision on litigation settlements		**(1,289)**	–
Unrealised (gain)/loss on foreign exchange		**(1,724)**	1,803
Written down of inventories		**338**	95
Operating cash flows before movements in working capital		**(7,216)**	(6,300)
Inventories		**(990)**	910
Trade and other receivables		**(1,234)**	9,189
Trade and other payables		**1,233**	(5,168)
Currency translation differences		**(403)**	2,226
Cash (used in)/generated from operations		**(8,610)**	857
Income tax refunded, net		**–**	56
Interest income received		**1**	179
Net cash (used in)/generated from operating activities		**(8,609)**	1,092
Cash flows from investing activities			
Acquisitions of a subsidiary	19(d)(ii)	**(1,030)**	–
Net cash inflow from disposal of a subsidiary	12(iii)	**–**	1,058
Proceeds from disposal of land use rights		**–**	451
Proceeds from disposal of property, plant and equipment		**7**	22
Proceeds from disposal of property held-for-sale		**–**	9,048
Purchase of property, plant and equipment	A	**(2,468)**	(1,100)
Net cash (used in)/generated from investing activities		**(3,491)**	9,479

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

	Note	Group 2018 US$'000	2017 US$'000
Cash flows from financing activities			
Advances/loans from directors (net of repayments)		**7,365**	905
Advances/loans from related parties (net of repayments)		**1,622**	–
Loans from a former director (net of repayments)		**86**	–
Advances from immediate and ultimate holding company		**58**	1,749
Drawdown of loans from former immediate and ultimate holding company		**136**	5,579
Repayment of loans from former immediate and ultimate holding company		**–**	(343)
Capital injection by non-controlling interests		**–**	1,436
Drawdown of long-term bank loan and other borrowings		**–**	2,406
Decrease in pledged deposits		**–**	7,821
Interest expense paid		**(93)**	(822)
Net settlement of short-term borrowings and bills payable		**–**	(32,970)
Proceeds from issuance of ordinary shares		**–**	6,151
Repayment of long-term bank loan, other borrowings and loans from Real Shine Capital Limited		**(2,718)**	(5,500)
Net cash generated from/(used in) financing activities		**6,456**	(13,588)
Net decrease in cash and cash equivalents		**(5,644)**	(3,017)
Cash and cash equivalents at beginning of the financial year		**6,888**	9,823
Effect of currency translation on cash and cash equivalents		**18**	82
Cash and cash equivalents at end of the financial year	22	**1,262**	6,888

Note A - Purchase of property, plant and equipment ("**PPE**")

	Note	2018 US$'000	2017 US$'000
Aggregate cost of PPE acquired (continuing operations)	15	**2,277**	1,160
Aggregate cost of PPE acquired (discontinued operations)	12	**–**	601
Less: Advance payment for PPE at 1 May	21	**–**	(1,308)
Add: Payables for PPE at 1 May	24	**2,427**	1,766
Less: Payables for PPE at 30 April	24	**(2,236)**	(2,427)
Impairment loss on advance payment for PPE and assignment of debts to former immediate and ultimate holding company		**–**	1,308
Net cash outflow for purchase of PPE		**2,468**	1,100

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

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

1 General

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

The immediate and ultimate holding company of the Company is Golden Star Group Limited ("**Golden Star**"), a company incorporated in the British Virgin Islands ("**BVI**"). The ultimate controlling party of the Group is Mr. Zhu Jun.

The registered office of the Company is located at 24 Raffles Place, #10-05 Clifford Centre, Singapore. The headquarters and principal place of business of the Group is located at Room Nos. 1102-04, 11th Floor, Empire Centre, 68 Mody Road, Kowloon, Hong Kong ("**HK**").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 19.

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.

Use of estimates and judgements

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

Use of estimates and judgements (Continued)

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.

New and revised standards

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. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

From 1 January 2017, as a result of the amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative), the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 23(f)).

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 2018 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:

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("**ASC**") announced that Singapore incorporated companies listed on the Singapore Exchange ("**SGX**") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 30 April 2019 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRSs.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New and revised standards (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements except as set out below:

Application of SFRS(I) 1 and IFRS Convergence

When the Group adopts SFRS(I) in its 2019 financial statements, the Group will apply SFRS(I) 1 with 1 May 2017 as the date of transition for the Group and the Company.

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 '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. SFRS(I) 15 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 SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, 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. SFRS(I) 15 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.

The Group plans to adopt the new standard when it becomes effective in financial year ending 30 April 2019 using the full retrospective approach. As a result, the Group will apply the changes in the accounting policies retrospectively to each reporting year presented.

Based on the existing sources of revenue as at 30 April 2018, management does not anticipate that the application of SFRS(I) 15 will have a material impact on the Group's financial statements. Further evaluation will be undertaken should the source of revenue change in the year when SFRS(I) 15 becomes effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

New and revised standards (Continued)

SFRS(I) 9 Financial Instruments

SFRS(I) 9 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 SFRS(I) 9 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Group plans to apply the changes in the accounting policies retrospectively to each reporting year presented using the modified retrospective approach.

(i) Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under SFRS(I) 9.

(ii) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade 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 will need to perform a more detailed analysis, which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 30 April 2019. The Group is currently finalising the computation of the impact and the quantum of the final transition adjustments, which may be different upon finalisation.

SFRS(I) 16 Leases

SFRS(I) 16 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 statement 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. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New and revised standards (Continued)

SFRS(I) 16 Leases (Continued)

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$1,069,000 (2017: US$352,000) as lessee (Note 29(b)). The Group anticipates that the adoption of SFRS(I) 16 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. It is not practicable to provide a reasonable estimate of the impact of SFRS(I) 16 until the Group performs a detailed assessment. The Group is in the process of performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

(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.

2 Summary of significant accounting policies (Continued)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) BASIS OF CONSOLIDATION (CONTINUED)

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 (i.e. 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 result 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.

2 Summary of significant accounting policies (Continued)

(e) Goodwill (Continued)

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 accumulated impairment losses, if any. 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 in respect of each class of non-current assets are in the range as follows:

	Number of years
Leasehold land and buildings	20 to 30
Plant and machinery	5 to 20
Furniture, fixtures and computer equipment	3 to 20
Motor vehicles	5
Renovation	5

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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(s)). 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.

2 Summary of significant accounting policies (Continued)

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

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 to the extent 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) Investment property

Investment property is held to earn rental income and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 20 years. The residual values, useful lives and depreciation method of investment property is reviewed, and adjusted as appropriate, at each end of the reporting period. The effects of any revision are included in profit or loss when the changes arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(j) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) 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. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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.

(L) 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.

2 Summary of significant accounting policies (Continued)

(m) Financial assets

Classification

The Group's only financial assets are loans and receivables. The classification depends on 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.

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 for 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

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial assets (Continued)

Impairment (Continued)

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.

(n) 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, bank overdrafts that from an integral part of the Group's cash management and excludes pledged cash at bank and fixed deposits.

(o) Financial liabilities

Financial liabilities include trade and other payables (excluding sales deposits received) and borrowings.

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 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.

2 Summary of significant accounting policies (Continued)

(p) 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.

(q) 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.

(r) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) 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.

2 Summary of significant accounting policies (Continued)

(u) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(U) FOREIGN CURRENCIES (CONTINUED)

Translation of Group entities' financial statements (Continued)

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.

(V) 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.

(W) 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.

(X) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(X) NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

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 and consolidated statement of comprehensive income are presented as if the operation had been discontinued from the start of the comparative year.

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 2018, the Group incurred a net loss from continuing operations of US$13,383,000 (2017: US$11,076,000) and the Company incurred a net loss of US$112,459,000 (2017: US$1,742,000). As at 30 April 2018, the Group's current liabilities exceeded the current assets by US$57,595,000 (2017: US$22,692,000) and the Group's total liabilities exceeded the total assets by US$9,563,000 (2017: Net assets of US$759,000) respectively.

As disclosed in Note 23, the Group has not made payments of principal repayments at their respective due dates of other borrowings owing to a strategic partner. Other borrowings due to the strategic partner totalled US$5,438,000 was recorded as at 30 April 2018. The Group also received a letter dated 11 July 2018 from New Page Investments Limited ("**New Page**") demanding a total sum of US$33,248,000 to be repaid on or before 1 August 2018. However, no further demand has been received from the strategic partner nor from New Page as at the date of these financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

Going concern assumption (Continued)

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 2018 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 its obligations and to carry on its business for a period of not less than twelve months from the date of the letter of financial assistance, i.e. 11 April 2019;

(ii) As disclosed in Note 15, a subsidiary within the tinplate manufacturing segment that suspended its operations since financial year ended 30 April 2015 has resumed its operations in May 2018 with revenue generation commencing June 2018;

(iii) On 18 August 2017, the Group successfully entered into a deed of assignment of loan with China CITIC Bank International Limited and Real Shine Capital Limited ("**RSCL**") for the bank loan of US$15,051,000 as disclosed in Note 23 and the Group and RSCL entered into a variation to the Deed of Settlement and revised the payment schedule on 5 December 2018 as disclosed in Note 35(iii);

(iv) The Group and the Company are able to obtain banking facilities for their working capital requirements for the next twelve months as and when required; and

(v) 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

Going concern assumption (Continued)

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

(i) Adopting a disciplined capital allocation – prudent approach to capital allocation is critical. Management shall constantly review capital expenditure and investment plans so as to manage a balanced business portfolio to optimise profitability;

(ii) Intensifying rigorous cost management and improving operational performance – focus on cost reduction and operation efficiency while exploring all the opportunities to the effective use of the capacity of the tinplate manufacturing plant with speed and quality; and

(iii) Opening up financing channels and asset allocation – allocate resources to potentially growth business in order to create a balanced and growth portfolio. Management shall invest in new business with profitable and stable income.

There are several subsidiaries within the Group which have been inactive for more than a year, some of which are also in a net liability position. In order to streamline the group structure and improve the overall financial position of the Group, the Group has transferred two subsidiaries Novo Commodities Limited ("**NCL**") and Novo Overseas Holdings Pte. Ltd. ("**NOHPL**") to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company at a consideration of HK$780 (equivalent to approximately US$100) on 15 April 2019 (the "**Disposal**"). Given the two disposed subsidiaries have been inactive with no business operations for more than a year and are still in net liability position as at the date of disposal, the Directors are of the view that the foregoing disposal (together with the consideration) is fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board will continue to review and assess the group structure and the overall financial position of the Group and carry out further restructurings as and when appropriate. Upon completion of the Disposals, each of NCL and NOHPL will cease to be a subsidiary of the Company, approximately US$36.8 million net liabilities will be taken out from the Group and the Group's financial position will turn back to net assets. Please refer to Note 35 for further details on the foregoing disposal.

After considering the measures taken described above, the Group and the Company believe that they have adequate resources 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.

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

Critical judgements in applying the Group's accounting policies (Continued)

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. During the current financial year, the Group has revised the estimated useful lives of certain plant and machinery from 30 years to 20 years. The revision in the estimated useful lives has been applied on a prospective basis from 1 May 2017 as disclosed in Note 15.

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 2018 and the depreciation charge for the financial year ended 30 April 2018 are disclosed in Note 15.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment, investment property 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, the expected future cash flows from the asset or cash-generating unit and a suitable discount rate are required to compute 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.

Yorkshine New Material (Taizhou) Limited ("**YNMT**"), a PRC subsidiary within the tinplate manufacturing segment that suspended its operations since the prior financial year ended 30 April 2015 has resumed its operations in May 2018. The aggregate net carrying value of property, plant and equipment and land use rights before impairment loss relating to YNMT as at 30 April 2018 was US$52,644,000 (2017: US$49,595,000) and US$2,162,000 (2017: US$2,028,000) respectively.

An impairment test to determine the recoverable amount of the property, plant and equipment and land use rights relating to YNMT was performed to assess whether any impairment loss is required as at 30 April 2018.

The recoverable amounts of property, plant and equipment and land use rights are determined from value-in-use calculations. The key assumptions and inputs for the value-in-use calculations are those regarding the sales volume, gross profit margin and discount rate. 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.

Based on impairment test performed, an impairment loss on property, plant and equipment amounting to US$9,920,000 was recognised in the Group's profit or loss for the financial year ended 30 April 2018, in order to adjust the carrying amount of the YNMT's property, plant and equipment to its recoverable amount as at 30 April 2018.

In addition, an impairment loss of US$1,800,000 on property, plant and equipment relating to Xing Hua City Daduo Sewage Treatment Co., Ltd ("**XHDD**") was recognised as at 30 April 2018. The equity interest of XHDD was disposed of in September 2018, event after the reporting period (Note 35(ii)).

At 30 April 2017, based on management's previous assessment, no allowance for impairment loss on property, plant and equipment and land use rights was necessary.

The net carrying values of the Group's property, plant and equipment, investment property and land use rights at the end of the reporting period are disclosed in Notes 15, 16 and 17 respectively.

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

Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries and amounts due from subsidiaries

At 30 April 2018, impairment losses were determined on the investments in subsidiaries and amounts due from subsidiaries. Impairment losses on investments in subsidiaries, amount due from subsidiary (quasi-equity loans) and amounts due from subsidiaries (non-trade) amounting to US$79,460,000 (2017: US$Nil), US$31,497,000 (2017: US$Nil) and US$237,000 (2017: US$Nil) respectively are recognised in the Company's profit or loss during the current financial year as disclosed in Note 19 and Note 21 respectively. The recoverable amounts of these investments have been determined based on net assets value of the subsidiaries as at 30 April 2018, which approximate the recoverable amounts of the investments in subsidiaries as there will not be any future plan for the operations of these subsidiaries.

At 30 April 2017, no allowance for impairment loss on investments in subsidiaries and amounts due from subsidiaries was made.

The net carrying amounts of the Company's investments in subsidiaries and amounts due from subsidiaries at the end of the reporting period are disclosed in Note 19 and Note 21 respectively.

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 differs 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.

4 RELATED PARTY TRANSACTIONS

(a) In addition to information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties, who are not members of the Group, during prior financial year on terms noted in various loan agreements:

		Group	
	Note	**2018 US$'000**	2017 US$'000
Loan interest paid/payable to a related party	(i)	**13**	13
Assignment of receivables by off-setting against the outstanding loans due to former immediate and ultimate holding company	(ii)	**–**	12,601
Gain on fair value adjustments on non-current loans due to former immediate and ultimate holding company	(iii)	**–**	2,701
Deemed interest expense on loans due to former immediate and ultimate holding company	(iii)	**2,934**	4,244
Loans from former immediate and ultimate holding company (net of repayments)	(iii)	**136**	5,236
Acquisition of subsidiaries from a company ultimately controlled by the executive Chairman	(iv)	**–**	13

(i) Loan interest was payable to a related party based on terms agreed by the party concerned. The related party refers to a company controlled by Mr. Chow Kin Wa (a former director of the Company) and Mr. Yu Wing Keung, Dicky (a former director of the Company).

(ii) On 26 August 2016, the Group entered into an assignment of receivables agreement with New Page, the former immediate and ultimate holding company, pursuant to which the Group agreed to procure certain of its subsidiaries to assign to New Page and New Page has agreed to accept the relevant subsidiaries' rights, title and benefits in and to and arising from the trade and other receivables as at 30 April 2016 in the aggregate amount of US$12,601,000 (the "**Assignment of Receivables**"). The Assignment of Receivables mainly in relation for those receivables which are past due more than 12 months. The Assignment of Receivables would in effect eliminate the Group's inherent risk of non-recoverability associated with such amounts and enable the Group to benefit from a better capital structure and reduce its debt obligations. The receivables will be off-set and deducted from the outstanding loan due to New Page and in turn enhance the Group's loan-to-equity ratio. The Assignment of Receivables was approved by shareholders in an extraordinary general meeting on 28 April 2017.

(iii) The loans due to a former immediate and ultimate holding company are now collectively called the loans from New Page ("**New Page Loans**"). The New Page Loans are unsecured and interest-free and became repayable on demand. As at the date of these financial statements, the loans have not been settled. Deemed interest expense of US$2,934,000 (2017: US$4,244,000) was recognised in profit or loss during the current financial year.

A fair value gain of US$2,701,000 was recognised in profit or loss based on cash flows discounted at market borrowing rate of 10% in 2017.

4 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties, who are not members of the Group, during prior financial year on terms noted in various loan agreements: (Continued)

(iv) During the previous financial year ended 30 April 2017, the Company has acquired 100% of the issued share capital of Red Gold Group Limited, Shining Fire Group Limited and Sunshine Star Group Limited for a total consideration of US$13,000 from a company which is ultimately controlled by the executive Chairman.

During the previous financial year ended 30 April 2017 and as disclosed in Note 5, the Company's subsidiaries entered into sales agency agreements and a LC agency agreement with NSL for certain sale and purchase transactions relating to the conduct of the Group's sale of commodities (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 ultimate beneficial owner.

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

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

	Group	
	2018	2017
	US$'000	US$'000
Directors' fees	**100**	98
Salaries and bonuses	**788**	911
Contributions to defined contribution plans	**14**	22
	902	1,031
Comprise of amounts paid to:		
– Directors of the Company	**404**	427
– Other key management personnel	**498**	604
	902	1,031

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

5 REVENUE

	Group	
	2018	2017
	US$'000	US$'000
Sales of goods:		
– Sale of commodities	**–**	101,167
– Tinplate manufacturing	**–**	659
	–	101,826

There was no revenue recorded during the Year due to (a) the Trading & Distribution business of the Group has been temporarily suspended; and (b) the Tinplate Manufacturing business which was suspended during the financial year ended 30 April 2015 has been undergoing the process of revitalisation. The Tinplate Manufacturing business resumed its operation in May 2018. The Trading & Distribution business of the Group has been suspended subsequent to 30 April 2018.

Full details about the suspension of the Trading & Distribution business have been announced on 14 August 2017, 24 August 2017, 28 August 2017, 18 September 2017, 4 October 2017, 31 October 2017, 31 December 2017 and 19 January 2018.

The revenue for the previous financial year ended 30 April 2017 was qualified by auditor. More information should be referred to Note 36 and Annual Report 2017.

Management and the Board of Directors have taken appropriate actions to address the concerns including the engagement of an Independent Reviewer to conduct an independent review and followed up the issues identified. The Company further engaged a professional to review and enhance the overall internal control of the Group. The CEO was removed and Trading & Distribution business has been temporarily suspended.

6 Other income

	Group	
	2018	2017
	US$'000	US$'000
Amortisation of deferred income	**224**	426
Freight income	**–**	150
Gain on assignment of loan obligations (Note 23)	**10,414**	–
Gain on disposal of property held-for-sale	**–**	4,159
Gain on fair value adjustments on non-current loans due to former immediate and ultimate holding company	**–**	2,701
Interest income	**1**	3
Rental income	**59**	44
Reversal of provision on litigation settlements (Note 24)	**1,289**	–
Sundry income	**78**	160
	12,065	7,643

7 Distribution and selling expenses

	Group	
	2018	2017
	US$'000	US$'000
Distribution agency fees	**–**	751
Freight charges	**–**	24
Port handling charges	**–**	8
Others	**–**	13
	–	796

8 Finance costs

	Group	
	2018	2017
	US$'000	US$'000
Bank charges	**11**	14
Interest on bank borrowings	**451**	1,041
Interest on other borrowings:		
– current year	**389**	121
– over-accrued in respect of previous financial year	**(23)**	(941)
Deemed interest expense on interest-free loans due to former immediate and ultimate holding company	**2,934**	4,244
	3,762	4,479

9 LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Group	
	2018	2017
	US$'000	US$'000
Audit fees paid to:		
– auditor of the Company	**146**	209
– other auditors*	**58**	93
Non-audit fees paid to:		
– auditor of the Company	**–**	3
– other auditors*	**–**	13
Amortisation of land use rights (Note 17)	**73**	95
Bad debts written off	**283**	2,021
Depreciation of property, plant and equipment (Note 15)	**3,024**	2,127
Impairment loss of goodwill (Note 18)	**79**	–
Impairment loss on property, plant and equipment (Note 15)	**11,720**	–
Loss on disposal of land use rights	**16**	59
Loss on disposal of property, plant and equipment	**5**	35
Material costs recognised as an expense in cost of sales	**–**	100,579
Net (gain)/loss on foreign exchange	**(1,343)**	3,811
Professional and consultancy fee	**949**	–
Property, plant and equipment written off	**530**	–
Rental expenses	**837**	725
Staff costs (Note 10)	**2,870**	2,643
Written down of inventories	**338**	95

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

10 STAFF COSTS

	Group	
	2018	2017
	US$'000	US$'000
Staff costs (including directors' remuneration)		
– Salaries, wages and other benefits	**2,706**	2,329
– Contributions to defined contribution plans	**164**	314
	2,870	2,643

(a) Fees paid to independent non-executive Directors:

	Group	
	2018	2017
	US$'000	US$'000
Foo Teck Leong	**34**	33
Tang Chi Loong	**32**	31
William Robert Majcher	**34**	34
	100	98

There were no other emoluments payable to the independent non-executive Directors during the financial years ended 30 April 2018 and 30 April 2017.

10 STAFF COSTS (CONTINUED)

(b) REMUNERATION OF EXECUTIVE DIRECTORS

	Salaries and benefits in-kind US$'000	Defined contribution plans US$'000	Total remuneration US$'000
Group			
2018			
Zhu Jun	**–**	**–**	**–***
Wang Jianqiao	**231**	**2**	**233**
Chow Kin Wa	**69**	**2**	**71**
	300	**4**	**304**
2017			
Zhu Jun	–	–	–*
Wang Jianqiao	231	–	231
Chow Kin Wa	96	2	98
	327	2	329

* less than US$1,000

There were no arrangements under which a Director waived or agreed to waive any remuneration during the financial years ended 30 April 2018 and 30 April 2017.

During the financial years ended 30 April 2018 and 30 April 2017, no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the Group for the financial year included one (2017: one) Director, details of whose remuneration are set out in Note 10(b) above. Details of the remaining four (2017: four) non-directors' highest paid employees for the financial year are as follows:

	Group	
	2018 US$'000	2017 US$'000
Salaries and bonus	**419**	499
Contributions to defined contribution plans	**8**	17
	427	516

10 Staff costs (Continued)

(c) Five highest paid employees (Continued)

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

	Group	
	2018	2017
Over HKD2,000,000	**–**	–
HKD1,500,001 to below HKD2,000,000	**–**	–
HKD1,000,001 to below HKD1,500,000	**–**	1
HKD500,001 to below HKD1,000,000	**4**	3
	4	4

During the financial years ended 30 April 2018 and 30 April 2017, no remuneration was paid by the Group to the five individuals with the highest remuneration in the Group as an inducement to join or upon joining the Group or as a compensation for loss of office.

11 Income tax credit

	Group	
	2018 **US$'000**	2017 US$'000
Income tax credit attributable to loss is made up of:		
From continuing operations		
Over provision of current income tax in respect of previous financial years	**–**	(4)

11 INCOME TAX CREDIT (CONTINUED)

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

	Group	
	2018	2017
	US$'000	US$'000
(Loss)/profit before tax		
– Continuing operations	**(13,383)**	(11,080)
– Discontinued operations	**–**	1,568
	(13,383)	(9,512)
Tax at the domestic rates applicable to (losses)/profits in the countries where the Group operates	**(3,076)**	(2,464)
Expenses not deductible for tax purposes	**941**	1,405
Income not subject to tax	**–**	(1,512)
Deferred tax assets not recognised	**2,153**	2,737
Over provision of current income tax in respect of previous financial years	**–**	(4)
Utilisation of previously unrecognised tax losses	**(18)**	(166)
Income tax credit	**–**	(4)

11 INCOME TAX CREDIT (CONTINUED)

No provision for Singapore income tax has been made as the Group entities in Singapore have no assessable profits for the financial years ended 30 April 2018 and 30 April 2017. The statutory Singapore income tax rate is 17% (2017: 17%).

No provision for Hong Kong Profits Tax has been made as the Group entities in Hong Kong have no assessable profits for the financial years ended 30 April 2018 and 30 April 2017. The statutory HK income tax rate is 16.50% (2017: 16.50%).

No provision for PRC enterprise income tax has been made as the Group entities in PRC have no assessable profits for the financial years ended 30 April 2018 and 30 April 2017. The PRC enterprise income tax rate is 25% (2017: 25%).

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

UNRECOGNISED DEFERRED TAX ASSETS

At the end of the reporting period, the Group has unrecognised tax losses of US$66,297,000 (2017: US$54,541,000) that are available for carry forward to offset against future taxable income of the companies in which the tax losses arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax asset of US$14,933,000 (2017: US$12,131,000) has not been recognised in respect of these tax losses as it is not probable that future taxable profits/income in these companies will be available and sufficient to allow the related tax benefits to be realised in the foreseeable future.

The unrecognised tax losses of the PRC subsidiaries amounting to US$45,926,000 (2017: US$36,628,000) are available for carry forward up to five years from the year of loss against future taxable profits/income of the PRC subsidiaries in which the tax losses arose. There were no unrecognised tax losses of the PRC subsidiaries expired during the financial year.

12 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

There was no transaction under this heading during FY2018.

TIANJIN SHIFA, which previously contributed to the tinplate processing segment of the Group was disposed of on 27 March 2017.

(i) The analysis of the profit from discontinued operations for the previous financial year ended 30 April 2017 were as follows:

	Group	
	2018 US$'000	2017 US$'000
Revenue	–	28,393
Cost of sales	–	(28,751)
Gross loss	–	(358)
Other income	–	389
Distribution and selling expenses	–	(10)
Administrative expenses	–	1,053
Finance costs	–	(659)
Profit before tax from discontinued operations	–	415
Income tax expense	–	–
Profit after tax from discontinued operations	–	415
Gain on disposal of TIANJIN SHIFA (Note 12(iii))	–	1,153
Total profit from discontinued operations, net of tax	–	1,568

(a) Revenue

	Group	
	2018 US$'000	2017 US$'000
Sales of goods		
– Tinplate processing	–	28,393

12 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(i) The analysis of the profit from discontinued operations for the previous financial year ended 30 April 2017 were as follows: (Continued)

(b) Other income

	Group	
	2018	2017
	US$'000	US$'000
Interest income	–	176
Sundry income	–	213
	–	389

(c) Distribution and selling expenses

	Group	
	2018	2017
	US$'000	US$'000
Freight charges	–	10

(d) Finance costs

	Group	
	2018	2017
	US$'000	US$'000
Bank charges	–	58
Interest on bank borrowings	–	601
	–	659

12 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(i) The analysis of the profit from discontinued operations for the previous financial year ended 30 April 2017 were as follows: (Continued)

(e) Profit before tax from discontinued operations

	Group	
	2018	2017
	US$'000	US$'000
Profit before tax from discontinued operations is determined after charging/(crediting):		
Amortisation of land use rights	**–**	87
Depreciation of property, plant and equipment	**–**	441
Material costs recognised as an expense in cost of sales	**–**	28,752
Staff costs	**–**	362
Write-back of impairment loss on assets	**–**	(845)
Write-back of inventories written down	**–**	(355)

(ii) The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group	
	2018	2017
	US$'000	US$'000
Operating cash flows	**–**	4,048
Investing cash flows	**–**	(601)
Financing cash flows	**–**	(3,492)
Total cash flows	**–**	(45)

12 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(iii) The effects of the disposal of TIANJIN SHIFA on the cash flows of the Group during the previous financial year ended 30 April 2017 were as follows:

	2017 US$'000
Carrying amounts of assets and liabilities disposed of:	
Property, plant and equipment	5,325
Land use rights	966
Inventories	1,368
Trade and other receivables	7,768
Cash and cash equivalents (pledged to banks for bills payable granted)	15,248
Trade and other payables (including bills payable to banks)	(29,863)
Deferred income	(239)
Tax payable	(2)
	571
Less: non-controlling interests	(320)
Identified net assets disposed of	251
Reclassification from currency translation reserve	(346)
Gain on disposal of TIANJIN SHIFA	1,153
Total cash consideration received	1,058
Less: cash and cash equivalents in TIANJIN SHIFA	–
Net cash inflow from disposal of a subsidiary	1,058

13 LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group's loss for the financial year attributable to equity holders of the Company for the financial year ended 30 April 2018 includes the Company's loss of US$112,459,000 (2017: US$1,742,000) which has been dealt with in the financial information of the Company.

14 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 2018 and 30 April 2017.

	Group	
	2018 US$'000	2017 US$'000
Loss for the financial year attributable to equity holders of the Company	**(12,223)**	(9,274)

	Number of ordinary shares	
	2018	2017
Weighted average number of ordinary shares for basic and diluted loss per share	**191,484,269**	186,271,776

There were no potentially dilutive ordinary shares in existence during the financial years ended 30 April 2018 and 30 April 2017 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	
	2018 US$'000	2017 US$'000
Loss for the financial year attributable to equity holders of the Company	**(12,223)**	(9,274)
Profit for the financial year from discontinued operations	**–**	(1,360)
Loss for the purpose of basic loss per share from continuing operations	**(12,223)**	(10,634)

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

FROM DISCONTINUED OPERATIONS

In 2017, basic and diluted earnings per share for the discontinued operations were based on the Group's profit for the financial year from discontinued operations of US$1,360,000 and the denominators detailed above for both basic and diluted earnings per share.

15 Property, plant and equipment

Group	Leasehold land and buildings US$'000	Plant and machinery US$'000	Furniture, fixtures and computer equipment US$'000	Motor vehicles US$'000	Renovation US$'000	Construction work-in-progress US$'000	Total US$'000
2018							
Cost							
Balance at 1 May 2017	6,182	50,246	674	698	188	5,003	62,991
Additions	203	711	77	–	218	1,068	2,277
Acquisition of subsidiary	–	–	15	–	48	–	63
Disposals	–	–	(177)	(68)	–	–	(245)
Written off	–	–	–	–	–	(530)	(530)
Reclassifications	2,211	–	–	–	–	(2,211)	–
Reclassified to investment property (Note 16)	(1,456)	–	–	–	(26)	–	(1,482)
Currency translation differences	434	4,616	43	46	–	608	5,747
Balance at 30 April 2018	7,574	55,573	632	676	428	3,938	68,821
Accumulated depreciation and impairment losses							
Balance at 1 May 2017	861	6,615	527	670	155	–	8,828
Depreciation charge	310	2,578	93	12	31	–	3,024
Acquisition of subsidiary	–	–	–	–	4	–	4
Disposals	–	–	(173)	(60)	–	–	(233)
Impairment losses	–	9,920	–	–	–	1,800	11,720
Reclassified to investment property (Note 16)	(502)	–	–	–	(26)	–	(528)
Currency translation differences	49	709	37	46	–	–	841
Balance at 30 April 2018	718	19,822	484	668	164	1,800	23,656
Representing:							
Accumulated depreciation	718	9,902	484	668	164	–	11,936
Accumulated impairment losses	–	9,920	–	–	–	1,800	11,720
	718	19,822	484	668	164	1,800	23,656
Net carrying value							
Balance at 30 April 2018	6,856	35,751	148	8	264	2,138	45,165

15 Property, plant and equipment (Continued)

Group	Leasehold land and buildings US$'000	Plant and machinery US$'000	Furniture, fixtures and computer equipment US$'000	Motor vehicles US$'000	Renovation US$'000	Construction work-in-progress US$'000	Total US$'000
2017							
Cost							
Balance at 1 May 2016	6,598	53,704	692	764	190	4,263	66,211
Additions	–	–	17	–	–	1,143	1,160
Disposals	–	(75)	–	–	–	–	(75)
Currency translation differences	(416)	(3,383)	(35)	(66)	(2)	(403)	(4,305)
Balance at 30 April 2017	6,182	50,246	674	698	188	5,003	62,991
Accumulated depreciation							
Balance at 1 May 2016	753	5,125	526	719	142	–	7,265
Depreciation charge	218	1,787	83	24	15	–	2,127
Disposals	–	(18)	–	–	–	–	(18)
Currency translation differences	(110)	(279)	(82)	(73)	(2)	–	(546)
Balance at 30 April 2017	861	6,615	527	670	155	–	8,828
Net carrying value							
Balance at 30 April 2017	5,321	43,631	147	28	33	5,003	54,163

At the end of the reporting period, property, plant and equipment with the following net carrying values are pledged for borrowings (Note 23):

	Group	
	2018 US$'000	2017 US$'000
Leasehold land and buildings	**6,856**	5,321
Plant and machinery	**35,555**	43,631
Furniture, fixtures and computer equipment	**80**	99
Motor vehicles	**7**	7
Construction work-in-progress	**1,736**	2,987
	44,234	52,045

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	2018	2017
	US$'000	US$'000
Long leasehold land and building in Shanghai, the PRC	**–**	1,031
Long leasehold buildings in Jiangsu province, the PRC	**6,856**	4,290
	6,856	5,321

A review of the plant and machinery against the industry benchmark taking into consideration technological change, normal deterioration, actual physical use, and other limitations on the ability to use the assets was carried out during the current financial year. Arising from the review, the estimated useful lives of certain plant and machinery were revised from 30 years to 20 years. The revision in the estimated useful lives has been applied on a prospective basis from 1 May 2017. The effect of the above revision on depreciation charge and profit before tax in current and future period is as follows:

	2018	**2019**	**2020**	**Subsequent years**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Increase in depreciation expense	1,033	1,033	1,033	1,033
Decrease in profit before tax	(1,033)	(1,033)	(1,033)	(1,033)

During the current financial year, a review of the recoverable amounts of the property, plant and equipment ("**PPE**") of the Group as at 30 April 2018 was carried out. An impairment loss totaling US$11,720,000 was recognised in the Group's profit or loss under "administrative expenses" line items for the financial year ended 30 April 2018.

YNMT

The recoverable amount of the PPE relating to YNMT, the major operating subsidiary, was determined based on its value-in-use calculations. The 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 terminal year growth rate of 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 14%. When comparing with the net carrying value of YNMT's PPE of US$52,644,000, an impairment loss of US$9,920,000 was required.

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

YNMT (CONTINUED)

The key assumptions used in the value-in-use calculations are those regarding the sales volume, terminal year growth rate and discount rate. The sensitivity analysis on the changes in these key assumptions on the recoverable amount of the YNMT's PPE are as follows:

	Estimated recoverable amount US$'000	(Decrease)/ increase in impairment charge US$'000
Sales volume		
– 10% higher	55,228	(9,920)
– 10% lower	30,223	12,501
Terminal year growth rate		
– 1% point higher	46,462	(3,738)
– 1% point lower	39,611	3,113
Discount rate		
– 1% point higher	36,341	6,383
– 1% point lower	50,446	(7,722)

XHDD

In addition, an impairment loss of US$1,800,000 was recognised on XHDD's PPE. The equity interest of XHDD was disposed of in September 2018, event after the reporting period with details under Note 35(ii).

The fair value measurements for the above-mentioned recoverable amounts are categorised in Level 3 of the fair value hierarchy.

16 INVESTMENT PROPERTY

	Group	
	2018	2017
	US$'000	US$'000
Cost		
Balance at beginning of financial year	**–**	–
Reclassified from property, plant and equipment (Note 15)	**1,482**	–
Currency translation differences	**136**	–
Balance at end of financial year	**1,618**	–
Accumulated depreciation		
Balance at beginning of financial year	**–**	–
Reclassified from property, plant and equipment (Note 15)	**528**	–
Currency translation differences	**44**	–
Balance at end of financial year	**572**	–
Net carrying value		
Balance at end of financial year	**1,046**	–

At the end of the reporting period, the investment property is pledged to secure revolving loan granted to a PRC subsidiary of the Group (Note 23).

The estimated fair value of the Group's investment property at the end of the reporting period is US$1,093,000. The fair value is determined based on the property's highest and best use using the direct comparison with recent transactions of comparable properties within the vicinity after considering differences in tenure size, age and condition of the properties. The fair value measurement is categorised in the Level 3 of the fair value hierarchy.

The following amounts are recognised in profit or loss:

	Group	
	2018	2017
	US$'000	US$'000
Rental income	**59**	–
Direct operating expenses arising from investment property that generated rental income	**(77)**	–

16 INVESTMENT PROPERTY (CONTINUED)

The investment property held by the Group at the end of the reporting period is as follows:

		Group	
		2018	2017
Properties	**Tenure**	**US$'000**	US$'000
Property 1	50-year lease commencing from 24 April 2009	**1,046**	–

Property 1 comprises a commercial office located at Unit 316, No. 2 of 2899 Alley, Guangfuxi Road, Putuo District, Shanghai, the PRC.

17 LAND USE RIGHTS

	Group	
	2018	2017
	US$'000	US$'000
Cost		
Balance at beginning of financial year	**3,437**	4,526
Disposals	**(540)**	(782)
Currency translation differences	**301**	(307)
Balance at end of financial year	**3,198**	3,437
Accumulated amortisation		
Balance at beginning of financial year	**345**	329
Amortisation charge	**73**	95
Disposals	**(32)**	(57)
Currency translation differences	**31**	(22)
Balance at end of financial year	**417**	345
Net carrying value		
Balance at end of financial year	**2,781**	3,092
Amount to be amortised or disposed of:		
– Not later than one financial year	**76**	577
– Later than one financial year but not later than five financial years	**302**	279
– Later than five financial years	**2,403**	2,236
	2,781	3,092

17 LAND USE RIGHTS (CONTINUED)

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

	Group	
	2018	2017
	US$'000	US$'000
Current	**–**	507
Non-current	**2,781**	2,585
	2,781	3,092

The details of the land use rights at 30 April 2018 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 previous financial year ended 30 April 2017, land use rights with net carrying value of US$725,000 were disposed off by the People's Court of Xinghua City on behalf of the PRC subsidiaries at total consideration of US$666,000. Out of the total proceeds, US$451,000 was received by the PRC subsidiaries and the remaining proceed of US$215,000 was kept by the People's Court of Xinghua City as at 30 April 2017. In January 2018, the proceeds of US$215,000 has been used to settle the Group's outstanding debts owing to a contractor/supplier.

The land use rights of Novowell Lamination Technology (Taizhou) Limited, an indirect wholly-owned subsidiary of the Company with net carrying value of US$508,000 were pledged as security in respect of a litigation 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 RMB3,334,500 (the "**Proceed**"), approximately US$492,000 simultaneously in May 2017. The Proceed was used to settle the outstanding debts owing to China Citic Bank International Limited during the current financial year.

At the end of the reporting period, land use rights with net carrying value of US$2,781,000 (2017: US$2,585,000) are pledged to Real Shine Capital Limited and revolving credit facilities (2017: bank loans and revolving credit facilities) to secure certain borrowings granted to one of the PRC subsidiaries. (Note 23).

18 GOODWILL ARISING ON BUSINESS COMBINATIONS

	Group	
	2018	2017
	US$'000	US$'000
Cost		
Balance at beginning of financial year	**4**	4
Acquisition of subsidiary (Note 19(d)(i))	**75**	–
Balance at end of financial year	**79**	4
Accumulated impairment losses		
Balance at beginning of financial year	**–**	–
Impairment loss charge	**79**	–
Balance at end of financial year	**79**	–
Net carrying value		
Balance at end of financial year	**–**	4

IMPAIRMENT TEST FOR GOODWILL

Goodwill acquired in a business combination is allocated, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2018	2017
	US$'000	US$'000
Tinplate manufacturing	**4**	4
Organic Beer	**75**	–
	79	4

During the current financial year, an impairment loss of US$79,000 on goodwill arising on business combinations has been recognised in the Group's profit or loss as these subsidiaries had been persistently making losses.

19 INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	US$'000	US$'000
Unquoted equity shares at cost		
Balance at beginning of financial year	**79,481**	79,463
Incorporation/acquisition of new subsidiaries	**–**	18
Balance at end of financial year	**79,481**	79,481
Impairment losses	**(79,460)**	–
Net carrying amount	**21**	79,481
Amount due from subsidiary	**31,497**	31,497
Impairment losses	**(31,497)**	–
Net carrying amount	**–**	31,497
	21	110,978

Management determined that owing to the nature of the activities of the subsidiary, the amount due from subsidiary is quasi-equity in nature, non-interest bearing and is therefore included in the investments in subsidiaries. The quasi-equity loan has no repayment terms and accordingly, the amount is stated at cost.

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Movements in impairment losses on investments in subsidiaries during the financial year are as follows:

	Company	
	2018	2017
	US$'000	US$'000
Balance at beginning of financial year	**–**	–
Impairment losses and recognised in profit or loss	**79,460**	–
Balance at end of financial year	**79,460**	–

Movements in impairment losses on amount due from subsidiary during the financial year are as follows:

	Company	
	2018	2017
	US$'000	US$'000
Balance at beginning of financial year	**–**	–
Impairment losses and recognised in profit or loss	**31,497**	–
Balance at end of financial year	**31,497**	–

During the current financial year, an impairment test for the investments in subsidiaries was performed. As most of the Company's subsidiaries are inactive and in capital deficiency position as at 30 April 2018, an impairment loss of US$79,460,000 (2017: US$Nil) is recognised in the Company's profit or loss during the financial year ended 30 April 2018 to adjust these subsidiaries to their recoverable amounts. The recoverable amounts of these investments have been determined based on net assets value of the subsidiaries as at 30 April 2018, which approximate the recoverable amounts of the investments in the subsidiaries as there will not be any future plan for the operations of these subsidiaries.

The amount due from subsidiary is not expected to be recovered as the subsidiary has been inactive and is in capital deficiency position as at 30 April 2018. Accordingly, the Company recognised full impairment loss on amount due from subsidiary amounting to US$31,497,000 (2017: US$Nil) in the Company's profit or loss during the current financial year.

On 15 April 2019, the Group transferred two subsidiaries NCL and NOHPL to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company at a consideration of HK$780 (equivalent to approximately US$100) (the "**Disposal**"). Given the two disposed subsidiaries have been inactive with no business operations for more than a year and are still in net liability position as at the date of disposal, the Directors are of the view that the foregoing disposal (together with the consideration) is fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board will continue to review and assess the group structure and the overall financial position of the Group and carry out further restructurings as and when appropriate. Upon completion of the of the Disposal, each of NCL and NOHPL will cease to be a subsidiary of the Company, approximately US$36.8 million net liabilities will be taken out from the Group and the Group's financial position will turn back to net assets.

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows:

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2018	2017
				%	%
Held by the Company					
NOVO COMMODITIES LIMITED[**(g)]	HK	HK$8,000,000	Trading and investment	**100**	100
NOVO OVERSEAS HOLDINGS PTE. LTD.[@(g)]	SG	SG$200,000	Investment holding	**100**	100
NOVO COMMODITIES PTE. LTD.[*]	SG	SG$200,000	Trading and investment	**100**	100
GLOBAL WEALTH TRADING LIMITED[#]	BVI	US$10	Investment holding	**100**	100
Novo Development Limited[#]	BVI	US$10	Investment holding	**100**	100
Novo Management Services Limited[**]	HK	HK$1	Investment holding and provision of management services	**100**	100
NOVO COAL PTE. LTD.[@]	SG	SG$1	Investment holding	**100**	100
STAR COSMOS DEVELOPMENTS LIMITED[#]	BVI	US$5,000	Investment holding	**100**	100
STAR PROMISE INVESTMENTS LIMITED[#]	BVI	US$5,000	Investment holding	**100**	100
Red Gold Group Limited[#]	BVI	US$5,000	Investment holding	**100**	100
Shining Fire Group Limited[#]	BVI	US$5,000	Investment holding	**100**	100
Sunshine Star Group Limited[#]	BVI	US$5,000	Investment holding	**100**	100
Held by NOVO COMMODITIES LIMITED (HK)					
NOVO COMMODITIES PRIVATE LIMITED[#(a)]	India	Rupee10,00,000	Trading and investment	**100**	100
Held by GLOBAL WEALTH TRADING LIMITED					
Qiang Hua Trading Limited[@]	HK	HK$10	Trading and investment	**100**	100

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2018	2017
				%	%
Held by Novo Development Limited (BVI)					
Novo Development Limited@	HK	HK$10	Investment holding	**100**	100
Held by Qiang Hua Trading Limited					
Qiang Hua (Shanghai) Trading Limited***^^Δ	The PRC	RMB20,000,000	Trading and investment	**80**	80
Held by STAR COSMOS DEVELOPMENTS LIMITED					
Golden Star (HK) Corporate Management Limited**	HK	HK$1,000	Investment holding and provision of management services	**100**	100
GOLDEN STAR CORPORATE MANAGEMENT PTE. LTD.@	SG	SG$1,000	Business and management consultancy services	**100**	100
GOLDEN STAR (HK) CORPORATE INVESTMENT LIMITED@	HK	HK$1,000	Investment holding	**100**	100
Held by GOLDEN STAR (HK) CORPORATE INVESTMENT LIMITED					
YORKSHINE TRADING (GUANGZHOU) LIMITED***^	The PRC	HK$350,000	Trading	**100**	–
Held by STAR PROMISE INVESTMENTS LIMITED					
ORGANIC BEER HONG KONG LIMITED@	HK	HK$13,000,000	Manufacturing and trading of organic beer	**60**	–
Held by Shining Fire Group Limited					
YORKSHINE ASSET MANAGEMENT LIMITED@	HK	HK$5,000,000	Investment holding	**100**	100
Held by Red Gold Group Limited					
RED GOLD (HK) LIMITED@	HK	HK$10,000	Trading	**100**	100
Novo ETP Limited@	HK	HK$10,000	Investment holding	**100**	–
Novo Lamination Limited@	HK	HK$10,000	Investment holding	**100**	–
Wah Shun Storage Limited@	HK	HK$10,000	Investment holding	**100**	–

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2018	2017
				%	%
Held by Sunshine Star Group Limited					
THE PAYMENT CARDS GLOBAL LIMITED**	HK	HK$30,000,000	Investment holding	**55**	55
Held by NOVO OVERSEAS HOLDINGS PTE. LTD.					
Novosteel DMCC(d)	United Arab Emirates	AED200,000	Trading	**100**	100
Novo Commodities PTE Ltd#(c)	BVI	US$10	Investment holding	**100**	100
Novo Steel Limited(b)	BVI	US$10	Investment holding	**–**	100
Novo Shipping Ltd(b)	BVI	US$10	Investment holding	**–**	100
Novo Investment Limited#	BVI	US$10	Investment holding	**100**	100
Novo ETP Limited#(c)	BVI	US$10	Investment holding	**100**	100
Novo Power Limited@	HK	HK$10	Investment holding	**100**	100
Held by NOVO OVERSEAS HOLDINGS PTE. LTD. & NOVO COAL PTE. LTD.					
PT. NOVO COAL(a)	Indonesia	US$500,000	Trading	**100**	100
Held by Novo Investment Limited (BVI)					
NOVO INVESTMENT LIMITED@	HK	HK$10,000	Investment holding	**100**	100
Held by NOVO INVESTMENT LIMITED (HK)					
Qingdao Novo Port Investment Logistic Limited^Δ(a)	The PRC	RMB6,348,200	Warehousing and wholesaling	**100**	100
Held by Novo Steel Limited (BVI)					
Novo Steel (HK) Limited(b)	HK	HK$5,000,000	Trading and investment	**–**	51

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group	
				2018	2017
				%	%
Held by Qiang Hua (Shanghai) Trading Limited^Δ^					
Hua Qiang (Shanghai) Trading Limited***^^^Δ	The PRC	RMB5,000,000	Trading and investment	**80**	80
Held by Hua Qiang (Shanghai) Trading Limited^Δ^					
Taizhou Hua Yong Trading Limited***^^^Δ	The PRC	RMB5,000,000	Trading	**80**	80
Held by Novo ETP Limited					
Novo ETP Limited@	HK	HK$10	Investment holding	**–**	100
Novo Lamination Limited@	HK	HK$10	Investment holding	**–**	100
Wah Shun Storage Limited@	HK	HK$10	Investment holding	**–**	100
Held by Novo ETP Limited (HK)					
Yorkshine New Material (Taizhou) Limited***^^Δ	The PRC	US$20,580,000	Manufacturing, distribution, import and export, technology consultancy and development	**95**	95
Novowell International Trading (Shanghai) Company Limited***^	The PRC	US$1,000,000	Wholesale, import and export	**100**	100
Held by Wah Shun Storage Limited (HK)					
Xing Hua City Daduo Sewage Treatment Co., Ltd.***^^^Δ (f)	The PRC	RMB7,000,000	Sewage Treatment	**57**	57
Wah Shun Storage (Taizhou) Limited***^	The PRC	US$199,990	General storage, property service and corporate management consultancy	**100**	100
Held by Novo Management Services Limited (HK)					
NOVO COMMODITIES (HK) LIMITED**	Republic of Seychelles	US$1	Investment holding	**100**	100

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of company	Place of incorporation	Particulars of issued and paid-up capital	Principal activities	Percentage of effective equity interest held by the Group 2018 %	2017 %
Held by Novo Power Limited (HK)					
Guang Dong Yong Peng Import and Export Trading Co., Ltd.^^Δ(a)	The PRC	RMB10,000,000	Wholesale, import and export	**51**	51
Held by Novo Lamination Limited (HK)					
Novowell Lamination Technology (Taizhou) Limited***^	The PRC	US$2,030,000	Manufacturing, sales and distribution	**100**	100
Held by Wah Shun Storage (Taizhou) Limited					
Taizhou Hua Yong Storage Limited***^^^	The PRC	RMB40,000,000	General storage, property service and management consultancy	**100**	100

* audited by Baker Tilly TFW LLP
** audited by Baker Tilly Hong Kong Limited
*** audited by Baker Tilly China Certified Public Accountants LLP
@ audited by other Certified Public Accountants
# not required to be audited in the country of incorporation
^ registered as a wholly-owned foreign enterprise under the PRC laws
^^ registered as a sino-foreign joint venture under the PRC laws
^^^ registered as a local enterprise under the PRC laws
Δ unofficial English translation
(a) in the process of deregistration
(b) struck off from the register during the financial year ended 30 April 2018
(c) struck off from the register during the financial year ending 30 April 2019
(d) trading license expired on 25 August 2015
(e) Ma Yiu Ming holds 1% of the paid-up capital in this company in trust for the Group
(f) the Group has on 21 September 2018 signed an agreement for disposing Xing Hua City Daduo Sewage Treatment Co., Ltd.Δ to Xinghua CityXingjin Waste and Waste Recycling stationΔ
(g) NCL and NOHPL were disposed of to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company at a consideration of HK$780 (equivalent to approximately US$100) on 15 April 2019

(b) SIGNIFICANT RESTRICTIONS

Cash and cash equivalents of US$289,000 (2017: US$104,000) are held in The People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST ("**NCI**")

At 30 April 2018, the Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of company	**Principal place of business/Place of incorporation**	**Ownership interests held by NCI**	
		2018	2017
		%	%
Yorkshine New Material (Taizhou) Limited ("**YNMT**")	The PRC	**5**	5
Xing Hua City Daduo Sewage Treatment Co., Ltd. ("**XHDD**")	The PRC	**43**	43
THE PAYMENT CARDS GLOBAL LIMITED ("**TPCGL**")	HK	**45**	45
Organic Beer Hong Kong Limited ("**OB**")	HK	**40**	–

19 Investments in subsidiaries (Continued)

(c) Summarised financial information of subsidiaries with material non-controlling interest ("**NCI**") (Continued)

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. This financial information includes consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	YNMT		XHDD		TPCGL		OBHL
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**
Non-current assets	**44,696**	51,623	**402**	2,016	**–**	–	**479**
Current assets	**25,276**	21,228	**1,837**	1,775	**3,142**	3,179	**837**
Non-current liabilities	**(24,291)**	(22,324)	**–**	–	**–**	–	**–**
Current liabilities	**(26,638)**	(29,835)	**(1,130)**	(1,071)	**(3)**	(4)	**(145)**
Net assets	**19,043**	20,692	**1,109**	2,720	**3,139**	3,175	**1,171**
Net assets attributable to NCI	**952**	1,035	**476**	1,170	**1,413**	1,429	**468**

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST ("NCI") (CONTINUED)

Summarised Income Statement and Statement of Comprehensive Income

	YNMT		XHDD		TPCGL		OBHL
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**
Revenue	**–**	659	**–**	–	**–**	–	**–**
(Loss)/profit before tax	**(3,684)**	(8,316)	**(1,863)**	195	**(36)**	(16)	**(308)**
Income tax expense	**–**	–	**–**	–	**–**	–	**–**
(Loss)/profit for the financial year	**(3,684)**	(8,316)	**(1,863)**	195	**(36)**	(16)	**(308)**
Other comprehensive income/(loss) for the financial year	**2,034**	259	**248**	(174)	**–**	–	**–**
Total comprehensive (loss)/income for the financial year	**(1,650)**	(8,057)	**(1,615)**	21	**(36)**	(16)	**(308)**
Total comprehensive (loss)/income for the financial year allocated to NCI	**(83)**	(403)	**(694)**	9	**(16)**	(7)	**(123)**
Dividends paid to NCI	**–**	–	**–**	–	**–**	–	**–**

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST ("NCI") (CONTINUED)

Summarised Statement of Cash Flows

	YNMT		XHDD		TPCGL		OBHL
	2018	2017	**2018**	2017	**2018**	2017	**2018**
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**
Cash flows (used in)/ generated from operating activities	**(6,290)**	8	**–**	–	**–**	(256)	**(152)**
Cash flows (used in)/ generated from investing activities	**(1,793)**	22	**–**	–	**(1,178)**	–	**(155)**
Cash flows generated from/(used in) financing activities	**8,270**	(30)	**–**	–	**–**	1,436	**754**
Net increase/(decrease) in cash and cash equivalents	**187**	–	**–**	–	**(1,178)**	1,180	**447**

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) ACQUISITION OF SUBSIDIARIES

In 2017, the Company acquired 100% of the issued share capital of Red Gold Group Limited, Shining Fire Group Limited and Sunshine Star Group Limited for a total consideration of US$13,000. The net identifiable assets (i.e. cash and cash equivalents) acquired amounted to US$13,000. Therefore, there is no goodwill and net cash in/outflow arising from acquisition of subsidiaries.

On 8 September 2017, Star Promise Investments Limited, a wholly-owned subsidiary of the Company acquired 60% of the issued share of OB at a total consideration of HKD8,000,000 (approximately of US$1,026,000). The principal activity of OB is manufacturing and trading of organic beer. As a result of acquisition, the Group is expected to diversify its business.

(i) The fair value of identifiable assets and liabilities of OB at acquisition date

	Group
	2018
	US$'000
Property, plant and equipment	**59**
Trade and other receivables	**340**
Amounts due from shareholders	**1,667**
Cash and cash equivalents	**–***
Amount due to shareholder	**(520)**
Bank overdraft	**(4)**
Total identifiable net assets	**1,542**
Less: Non-controlling interest measured at the non-controlling's proportionate share of subsidiary's net assets	**(591)**
Net identifiable assets acquired	**951**
Goodwill (Note 18)	**75**
Total consideration transferred	**1,026**

* less than US$1,000

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) ACQUISITION OF SUBSIDIARIES (CONTINUED)

(ii) Effect on cash flows of the Group

	Group 2018 US$'000
Cash paid	**1,026**
Add: Cash and cash equivalents and bank overdraft in subsidiary acquired	**4**
Net cash outflow on acquisition of a subsidiary	**1,030**

(iii) Acquisition-related costs

Transaction costs related to the acquisition of US$19,000 have been included in "administrative expenses" in the Group's profit or loss for the current financial year.

(iv) Goodwill arising from acquisition

The goodwill of US$75,000 arising from the acquisition is attributable to the distribution of organic beer network in Hong Kong.

(v) Revenue and profit contribution

The acquired subsidiary contributed revenue of US$Nil and net loss of US$308,000 to the Group for the period from 8 September 2017 to 30 April 2018. If the acquisition had occurred on 1 May 2017, the Group's revenue would have been US$Nil and total net loss would have been US$3,549,000.

20 INVENTORIES

	Group	
	2018	2017
	US$'000	US$'000
Raw materials	**162**	–
Finished goods	**490**	–
	652	–

At the end of the reporting period, the inventories with carrying amount of US$622,000 (2017: US$Nil) have been pledged as security for borrowings granted to the Group (Note 23).

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Advance payment to suppliers	**1,158**	2	**–**	–
Trade and bill receivables	**245**	111	**–**	–
	1,403	113	**–**	–
Amounts due from subsidiaries	**–**	–	**6,083**	1,019
Amounts due from non-controlling shareholder of the subsidiary	**397**	–	**–**	–
Deposits	**297**	254	**–**	–
Other receivables	**624**	886	**–**	6
Prepayments	**801**	744	**–**	4
Value-added tax receivables	**4,449**	3,538	**–**	–
	6,568	5,422	**6,083**	1,029
Allowance for doubtful receivables	**–**	–	**(237)**	–
	6,568	5,422	**5,846**	1,029
	7,971	5,535	**5,846**	1,029

21 Trade and other receivables (Continued)

Movement in allowance for doubtful receivables on amounts due from subsidiaries during the financial year are as follows:

	Company	
	2018 **US$'000**	2017 US$'000
Balance at beginning of financial year	**–**	–
Allowance made	**237**	–
Balance at end of financial year	**237**	–

Trade and bill receivables of US$245,000 (2017: US$111,000) were pledged to Real Shine Capital Limited ("**RSCL**") (2017: China CITIC Bank International) for borrowings (Note 23) as at 30 April 2018 after the completion of loan assignment between China CITIC Bank International and RSCL.

The amounts due from subsidiaries and non-controlling shareholder of the subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

During the current financial year, the proceeds from the disposals of land use rights and inventories by the People's Court of Xinghua City amounted to US$497,000 in FY2017 were distributed to certain contractors/suppliers/employees to settle litigations.

At the end of the reporting period, other receivables included an amount of US$247,000 deposited into a notary account under custody of Tianjin City He Xi Notaries in respect of the on-going litigations.

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

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade and bill receivables and other receivables is as follows:

	Group	
	2018	2017
	US$'000	US$'000
Not past due and not impaired	**848**	822
Past due but not impaired:		
– 0 to 1 month	**–**	–
– More than 1 month to 3 months	**–**	29
– More than 3 months to 12 months	**–**	82
– More than 12 months	**21**	64
	21	175
	869	997

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to receivables that are in significant financial difficulties or have defaulted on payments, or are disputing the amounts due. These receivables are not secured by any collateral or credit enhancements.

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

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Chinese Renminbi ("**RMB**")	**297**	252	**–**	–
Singapore Dollar ("**SGD**")	**67**	70	**33**	11
Hong Kong Dollar ("**HKD**")	**733**	289	**6,050**	974
Indonesian Rupiah ("**IDR**")	**–**	11	**–**	–
	1,097	622	**6,083**	985

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Cash on hand and at bank (unpledged portion)	**1,195**	6,827	**66**	5,116
Cash at margin accounts (non-restricted)	**67**	61	**–**	–
	1,262	6,888	**66**	5,116

The cash at bank at the end of the reporting period generally earns interests ranging from 0.001% to 3.08% (2017: 0.001% to 3.08%) per annum.

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

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

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
RMB	**–**	1	**–**	–
Euro ("**EUR**")	**1**	1	**–**	–
HKD	**927**	5,418	**28**	5,086
SGD	**33**	21	**29**	20
USD	**1**	1	**–**	–
	962	5,442	**57**	5,106

23 BORROWINGS

	Group	
	2018 **US$'000**	2017 US$'000
Non-current liabilities		
Loan from a related party	**–**	150
Loans from former immediate and ultimate holding company	**–**	29,513
Loans from Real Shine Capital Limited	**960**	–
Other borrowings	**–**	3,638
	960	33,301
Current liabilities		
Bank loan	**–**	14,201
Loan from a director	**6,653**	–
Loans from a former director	**417**	331
Loans from related parties	**1,734**	–
Loans from former immediate and ultimate holding company	**33,335**	739
Loans from Real Shine Capital Limited	**960**	–
Revolving credit facility	**2,535**	2,321
Other borrowings	**5,438**	1,800
	51,072	19,392
	52,032	52,693

Related parties comprise mainly companies which the executive chairman or former directors have substantial financial interests.

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

	Group	
	2018 **US$'000**	2017 US$'000
USD	**–**	14,201
HKD	**23,654**	22,427
	23,654	36,628

23 BORROWINGS (CONTINUED)

(a) SECURITIES PLEDGED AS COLLATERALS

The Group's bank loan and loan from Real Shine Capital Limited are granted to one of the PRC subsidiaries are secured by way of:

– Legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;

– Legal pledge of land use rights, construction work-in-progress, investment property, building and plant and machinery (Notes 15, 16 and 17); and

– Floating mortgage.

The revolving credit facility is secured by legal mortgages over the investment property, land use rights and plant and machinery of PRC subsidiaries.

At the end of the reporting period, the Group has pledged the following assets to banks and Real Shine Capital Limited as securities against borrowings granted to the Group:

	Group	
	2018	2017
	US$'000	US$'000
Leasehold land and buildings (Note 15)	**6,856**	5,321
Construction work-in-progress (Note 15)	**1,736**	2,987
Plant and machinery (Note 15)	**35,555**	43,631
Furniture, fixtures and computer equipment (Note 15)	**80**	99
Motor vehicles (Note 15)	**7**	7
Investment property (Note 16)	**1,046**	–
Land use rights (Note 17)	**2,781**	2,585
Inventories (Note 20)	**622**	–
Trade and bill receivables (Note 21)	**245**	111
Others#	**24,409**	21,117
	73,337	75,858

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

23 BORROWINGS (CONTINUED)

(b) INTEREST RATES

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

	Group	
	2018	2017
	%	%
Bank loan	**–**	5.28
Revolving credit facility	**6.60 to 9.90**	6.60 to 9.90
Loans from related parties	**1.00 to 8.40**	8.40
Loans from Real Shine Capital Limited	**5.00**	–
Other borrowings	**6.00**	6.00

(c) TERMS AND CONDITIONS

Loan from a director is unsecured, interest-free and repayable within one financial year from the end of the reporting period.

Loans from a former director are unsecured, interest-free and repayable within one financial year from the end of the reporting period.

Loans from related parties are unsecured, interest-free and repayable on demand.

Loans from former immediate and ultimate holding company are unsecured, interest-free and repayable on 1 August 2018 (2017: the non-current loans are repayable on 1 August 2018 and the current loans are repayable within one financial year from the end of the reporting period).

Other borrowings comprise import and export credit facility from a strategic partner to facilitate the working capital requirement of the Group. On 18 March 2016, the strategic partner filed a claim against Novo Commodities Limited, a subsidiary of the Company for the breach of a repayment agreement signed in June 2015. In accordance with the repayment agreement, other borrowings were to be repaid in full by 20 December 2015.

On 27 April 2017, the High Court of Hong Kong issued a consent order for both parties to settle the legal dispute according to a deed of settlement dated 4 February 2017. According to the deed of settlement, the other borrowings are repayable as follows:

(i) US$1,800,000 to be paid by 2 equal half-yearly instalments on or before 30 June 2017 and 31 December 2017, respectively;

(ii) US$1,800,000 to be paid by 2 equal half-yearly instalments on or before 30 June 2018 and 31 December 2018, respectively; and

(iii) US$1,840,000 to be paid by 2 equal half-yearly instalments on or before 30 June 2019 and 31 December 2019, respectively.

23 BORROWINGS (CONTINUED)

(c) TERMS AND CONDITIONS (CONTINUED)

The Group has not made payment of the principal repayments, totalling US$1,800,000 on their respective due dates during the financial year ended 30 April 2018. Therefore, other borrowings were classified under current liabilities as at 30 April 2018.

On 18 August 2017, China CITIC Bank International Limited (the "**Bank**"), Real Shine Capital Limited ("**RSCL**") and YNMT 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 YNMT 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 YNMT, 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 YNMT entered into a deed of settlement (the "**Deed of Settlement**"), pursuant to which RSCL agrees with YNMT to settle the outstanding aggregate principal amount of the Loan and interest accrued thereon of US$4,770,000 (HK$37,231,000) as of the date of the Deed of Settlement (the "**Indebtedness**") in the following manner:

(i) YNMT shall pay to RSCL a sum of HK$21,200,000 (approximately US$2,718,000) within seven days after the date of the Deed of Settlement; and

(ii) YNMT shall pay to RSCL the balance of HK$15,000,000 (approximately US$1,920,000) in four instalments of HK$3,750,000 (approximately US$480,000) 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 HK$4,500,000 (US$576,000), HK$3,890,000 (US$498,000), HK$3,844,000 (US$492,000) and HK$3,797,000 (US$486,000), respectively.

Upon full payment of the Indebtedness made by YNMT in accordance with Deed of Settlement, RSCL shall irrevocably, unconditionally and absolutely releases and discharges YNMT 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.

23 Borrowings (Continued)

(c) Terms and conditions (Continued)

Based on the above-mentioned Assignment and Deed of Settlement, YNMT recorded a gain on derecognition of liabilities approximately US$10,414,000 (Note 6) resulting from the settlement of the bank loan at favourable term.

As disclosed in Note 35(iii), YNMT and RSCL entered into a variation to the Deed of Settlement and revised the payment schedule on 5 December 2018. The first, second and third instalment are repayable on 5 August 2019 and fourth instalment is repayable on 3 December 2019.

(d) Fair values

The borrowings classified under current liabilities as at 30 April 2018 and 30 April 2017 are repayable within one financial year from the end of the reporting period.

Based on the discounted cash flows method using the following discount rates based on market lending rates for similar borrowings which the management expect would be available to the Group at the end of the reporting period, the fair values of the fixed rate non-current borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the interest rates available to the Group:

	Group	
	2018 **%**	2017 %
Loans from a related party	**8.40**	8.40
Loans from former immediate and ultimate holding company	**10.00**	10.00
Loans from Real Shine Capital Limited	**5.00**	–
Other borrowings	**6.00**	6.00

This fair value measurement for disclosures purposes is categorised in the Level 3 of the fair value hierarchy.

23 Borrowings (Continued)

(e) Default and breaches

(i) Other borrowings

The Group has not made payment of the principal repayments of the other borrowings due to a strategic partner totalling US$3,600,000 on their respective due dates which is due on or before 31 December 2018. No assets nor collateral from the Group have been used to secure the loan.

The management is intended to negotiate revised repayment terms of the outstanding other borrowings at 30 April 2018. As at the date when these financial statements were approved for issue by the Board of Directors, no demand for settlement has ever been received from the strategic partner.

(ii) Loans from former immediate and ultimate holding company

Pursuant to a letter dated 11 July 2018 (the "**Letter**") addressed to the Company and five of its subsidiaries (the "**Relevant Subsidiaries**"), New Page, a former immediate and ultimate holding company, demanded that the Company and the Relevant Subsidiaries repay on or before 1 August 2018 (being the maturity date of the Loan Agreements) a total sum of US$33,248,000 (the "**Alleged Loans**"), 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 Company has demanded supporting documents in particular the remittance and transactions to substantiate the validity of the Alleged Loans. The Company will make payments when concrete evidence of the existence of the Alleged Loans can be satisfied. As at the date when these financial statements were approved for issue by the Board of Directors, neither demand for settlement nor reply for information has ever been received from New Page.

23 BORROWINGS (CONTINUED)

(f) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Bank loan	Advances/ loans from director	Loans from a former director	Advances/ loans from related parties	Advances/ loans from former immediate and ultimate holding company	Loans from Real Shine Capital Limited	Revolving credit facility	Other borrowings	Amount due to immediate and ultimate holding company	Total
		(Notes 23 and 24)		(Notes 23 and 24)					(Note 24)	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at beginning of financial year	14,201	1,328	331	154	30,252	–	2,321	5,438	2,673	56,698
Changes from financing cash flows:										
– Drawdown	–	7,365	127	2,142	136	–	–	–	58	9,828
– Repayments	–	–	(41)	(520)	–	(2,718)	–	–	–	(3,279)
– Interest paid	–	–	–	(7)	–	–	(86)	–	–	(93)
Non-cash changes										
– Interest expense	398	–	–	20	2,934	43	30	326	–	3,751
– Gain on assignment of loan obligations	(10,414)	–	–	–	–	–	–	–	–	(10,414)
– Assignment of loan obligation	(4,638)	–	–	–	–	4,638	–	–	–	–
Changes in interest payable	–	–	–	(13)	–	(43)	56	(326)	–	(326)
Repayment using the proceed from disposal of land use rights (Note 17)	(492)	–	–	–	–	–	–	–	–	(492)
Effect of changes in foreign exchange rate	945	–	–	–	13	–	214	–	–	1,172
Balance at end of financial year	–	8,693	417	1,776	33,335	1,920	2,535	5,438	2,731	56,845

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Trade and bill payables	**273**	250	**–**	–
Sales deposits received	**12**	410	**–**	–
Accrued operating expenses	**4,853**	4,437	**614**	547
Other payables	**4,154**	4,417	**6**	–
Other payables for property, plant and equipment	**2,236**	2,427	**–**	–
Amount due to director	**2,040**	1,328	**–**	–
Amounts due to related parties	**42**	4	**–**	–
Amounts due to subsidiaries	**–**	–	**2,879**	1,718
Amount due to immediate and ultimate holding company	**2,731**	2,673	**562**	527
	16,341	15,946	**4,061**	2,792

The amounts due to immediate and ultimate holding company, subsidiaries, director and related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

During the previous financial year, several contractors/suppliers/employees are making claims against YNMT for outstanding payable sum (including legal fees) totalling approximately US$3.82 million or RMB26.27 million. Certain land use rights and inventories of the Group have been disposed of by the People's Court of Xinghua City in 2017. The proceeds from disposal have been used to settle the Group's outstanding debts owing to several contractors/suppliers/employees in January 2018.

During the current financial year, YNMT entered into settlement agreements with 49 contractors/suppliers/employees, which reduced the claim against YNMT from RMB26.27 million to RMB17.87 million and recorded a gain of RMB8.4 million (approximately US$1,289,000) from the settlement of the litigations (Note 6) and approximately RMB15.35 million has been paid to contractors/suppliers/employees.

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	
	2018 US$'000	2017 US$'000
0 to 3 months	**–**	–
More than 3 months to 6 months	**–**	–
More than 6 months to 12 months	**–**	–
More than 12 months	**273**	250
	273	250

24 Trade and other payables (Continued)

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

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
RMB	**334**	285	**37**	143
HKD	**5,242**	508	**3,064**	1,414
SGD	**495**	538	**937**	616
EUR	**–**	–	**–**	–
USD	**–**	84	**23**	–
	6,071	1,415	**4,061**	2,173

25 Deferred income

	Group	
	2018 US$'000	2017 US$'000
Grants-related to assets		
Cost		
Balance at beginning of financial year	**1,133**	1,411
Written off upon disposal of land use rights	**(196)**	(189)
Currency translation differences	**86**	(89)
Balance at end of financial year	**1,023**	1,133
Accumulated amortisation		
Balance at beginning of financial year	**849**	657
Amortisation charge	**224**	426
Written off upon disposal of land use rights	**(196)**	(189)
Currency translation differences	**79**	(45)
Balance at end of financial year	**956**	849
Net carrying value		
Balance at end of financial year	**67**	284

25 DEFERRED INCOME (CONTINUED)

At 30 April 2018 and 30 April 2017, deferred grants comprise of:

– government grant received from Xinghua City Municipal Finance Bureau and Xinghua City Environmental Protection Bureau for financing a water pollution prevention project in Jiangsu province, the PRC; and

– cash incentive received from Xinghua City Municipal Finance Bureau for financing the purchase of a piece of land in Jiangsu province, the PRC. This deferred grant is related to the land use rights which are disposed of in May 2017 as disclosed in Note 17.

These grants are amortised over the useful lives of the property, plant and equipment and the land use rights which these grants are subsidising (Notes 15 and 17). XHDD was the beneficiary of these grants. The Group's equity interest on XHDD was disposed of on 21 September 2018, subsequent to the financial year ended 30 April 2018.

26 SHARE CAPITAL

	2018		2017	
	No. of ordinary shares	**US$'000**	No. of ordinary shares	US$'000
Group				
Balance at beginning of financial year	**191,484,269**	**38,390**	170,804,269	32,239
Issuance of new shares pursuant to share placement	**–**	**–**	20,680,000	6,151
Balance at end of financial year	**191,484,269**	**38,390**	191,484,269	38,390
Company				
Balance at beginning of financial year	**191,484,269**	**114,891**	170,804,269	108,740
Issuance of new shares pursuant to share placement	**–**	**–**	20,680,000	6,151
Balance at end of financial year	**191,484,269**	**114,891**	191,484,269	114,891

26 SHARE CAPITAL (CONTINUED)

There was no issue of new shares during the current financial year.

During FY2017, the Company issued and allotted 20,680,000 ordinary shares of HK$2.32 per ordinary share for total consideration of HK$47,978,000 or US$6,151,000 (the "**share placement**") on 1 August 2016, which will be utilised for the purpose of funding potential business expansion or development when opportunities arise. Alternatively, the Company may use the net proceeds from the share placement for general working capital purposes. The newly issued shares rank pari passu in all respects with existing ordinary shares of the Company.

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

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

27 STATUTORY RESERVE

The PRC subsidiaries are required to transfer not less than 10% of its net profit to the general reserve fund each year until the reserve reaches 50% of its registered capital. The transfer to this fund must be made before the payment of dividends to shareholders. In the event that the PRC subsidiaries incur accumulated losses, the transfer of this fund can only be made after the PRC subsidiaries' accumulated losses are fully set off against current year net profit.

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

28 OTHER RESERVES

	Group		Company	
	2018 **US$'000**	2017 US$'000	**2018** **US$'000**	2017 US$'000
Net gain on disposal of treasury shares	**2,601**	2,601	**2,601**	2,601
Capital reserve*	**533**	495	**–**	–
	3,134	3,096	**2,601**	2,601

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

29 COMMITMENTS

(a) CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements:

	Group	
	2018 **US$'000**	2017 US$'000
Expenditure for property, plant and equipment contracted for	**31**	7,844

(b) OPERATING LEASE COMMITMENTS

Where the Group is a lessee

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

	Group	
	2018 **US$'000**	2017 US$'000
Not later than one financial year	**846**	283
Later than one financial year but not later than five financial years	**223**	69
	1,069	352

Where the Group is a lessor

The Group lease out investment property to third party under non-cancellable operating leases arrangements. The leases have an average tenure of one year.

At the end of the reporting period, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	Group	
	2018 **US$'000**	2017 US$'000
Not later than one financial year	**57**	–

30 Fair value of assets and liabilities

(a) Fair value hierarchy

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

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

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

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

The carrying amounts of non-current borrowings approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective interest rates of the agreements or market lending rate at the initial measurement date. The basis of determining fair values for disclosure purposes at the end of the reporting period are disclosed in Note 23.

The basis of determining fair value of the investment property for disclosure at the end of the reporting period is disclosed in Note 16.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

31 FINANCIAL INSTRUMENTS

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Loans and receivables				
Trade and other receivables	**1,563**	1,251	**3,421**	1,025
Cash and cash equivalents	**1,262**	6,888	**66**	5,116
Total loans and receivables	**2,825**	8,139	**3,487**	6,141
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**16,329**	15,536	**4,061**	2,792
Borrowings	**52,032**	52,693	**–**	–
Total financial liabilities at amortised cost	**68,361**	68,229	**4,061**	2,792

(b) FINANCIAL RISK MANAGEMENT

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

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

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

Exposure to credit risk

At the end of the reporting period, no corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions which are regulated and with good credit ratings.

At the end of the reporting period, the Group has no significant concentrations of credit risk. The Company has significant credit risk exposures arising on amounts due from subsidiaries of US$5,846,000 (2017: US$1,019,000) which represented 100% (2017: 99%) of the Company's trade and other receivables.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions or companies which are regulated and with good credit ratings.

Financial assets that are either past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

Information regarding financial assets that are either past due and/or impaired is disclosed in Note 21.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company rely on continuing financial support from its immediate and ultimate holding company to meet their obligations as and when they fall due.

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

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

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

	2018			2017		
	Less than 1 year US$'000	**1 to 5 years US$'000**	**Total US$'000**	Less than 1 year US$'000	1 to 5 years US$'000	Total US$'000
Group						
Trade and other payables	**16,329**	**–**	**16,329**	15,536	–	15,536
Borrowings	**52,406**	**978**	**53,384**	19,437	37,460	56,897
	68,735	**978**	**69,713**	34,973	37,460	72,433
Company						
Trade and other payables	**4,061**	**–**	**4,061**	2,792	–	2,792

31 Financial instruments (Continued)

(b) Financial risk management (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group obtains financing through bank loans, trade financing facilities, and loans from a director, a former director, related parties, former immediate and ultimate holding company and a strategic partner. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

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

	Group	
	2018	2017
	US$'000	US$'000
Fixed rate instruments		
Financial assets	**67**	61
Financial liabilities	**11,494**	22,110
Variable rate instruments		
Financial assets	**1,195**	40

Sensitivity analysis on interest rate risk for financial assets and financial liabilities at variable rate is not presented as a reasonably possible increase/decrease of 50 basis points in interest rates will have no significant impact on the net loss.

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

Foreign currency risk

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

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

The Group entered into foreign currency contracts with a number of banks to reduce its exposure to currency fluctuations risk. These derivatives are not accounted for under hedge accounting as the Group currently does not have a formal currency hedging policy. The management monitors foreign exchange exposure from time to time and will further consider hedging significant foreign currency exposure should the need arise. No foreign currency contracts were outstanding as at 30 April 2018 and 30 April 2017.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

The Group has foreign currency exposure arising mainly from cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. At the end of the reporting period, US$962,000 (2017: US$5,442,000) of the Group's cash and cash equivalents, US$1,097,000 (2017: US$622,000) of the Group's trade and other receivables, US$6,071,000 (2017: US$1,415,000) of the Group's trade and other payables and US$23,654,000 (2017: US$36,628,000) of the Group's borrowings are denominated in non-functional currencies.

At the end of the reporting period, US$57,000 (2017: US$5,106,000) of the Company's cash and cash equivalents, US$6,083,000 (2017: US$985,000) of the Company's trade and other receivables and US$4,061,000 (2017: US$2,173,000) of the Company's trade and other payables are denominated in non-functional currencies.

The following table demonstrates the sensitivity to a 5% increase and decrease in the relevant non-foreign currency against the functional currency of the Group entities. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. With all other variables held constant, the effects will be as follows:

	Increase/(decrease) in loss after tax			
	Group		**Company**	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
USD				
– Strengthened	**–**	714	**–**	–
– Weakened	**–**	(714)	**–**	–
HKD				
– Strengthened	**1,361**	861	**(151)**	(232)
– Weakened	**(1,361)**	(861)	**151**	232

The sensitivity analysis for other non-functional currencies are not disclosed as the effect on profit or loss and other comprehensive income for the current and previous financial years is considered not significant.

32 CAPITAL MANAGEMENT

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

The Group reviews the capital structure from time to time and may make adjustments in light of the changing economic conditions, by adjusting the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowing or sell assets to reduce borrowings. The Group and the Company rely on continuing financial support from its immediate and ultimate holding company to meet their obligations as and when they fall due. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2018 and 30 April 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and cash equivalents. Capital represents total equity attributable to equity holders of the Company. At the end of the reporting period, the Group's gearing ratio is 100% (2017: 100%).

	Group	
	2018	2017
	US$'000	US$'000
Borrowings	**52,032**	52,693
Trade and other payables	**16,341**	15,946
	68,373	68,639
Less: Cash and cash equivalents	**(1,262)**	(6,888)
Net debt	**67,111**	61,751
Total equity attributable to equity holders of the Company	**(12,574)**	(903)
Capital and net debt	**54,537**	60,848

	2018	2017
	%	%
Gearing ratio	**100**	100

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 April 2018 and 30 April 2017 except for those default and breaches as disclosed in Note 23.

33 SEGMENT INFORMATION

The Group is organised into business units based on its business segments purposes. The reportable segments for the FY2018 and FY2017 were summarised as below.

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

Business segments	Remarks
(a) tinplate manufacturing ("**Tinplate Manufacturing business**")	Started revitalisation in late FY2015. Resumed production in May 2018, beginning of FY2019
(b) trading of iron ore, coal and steel products across the globe ("**Trading & Distribution business**")	Temporarily suspended the trades throughout FY2018
(c) tinplate processing ("**Tinplate Processing business**")	Disentangled the segment by disposing of equity interests on 27 March 2017, late FY2017

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

	Continuing operations			
	Trading & Distribution US$'000	Tinplate manufacturing US$'000	Eliminations US$'000	Total US$'000
2018				
Segment revenue to:				
– sales to external customers	–	–	–	–
Segment results	–	–	–	–
Other income	105	11,960	–	12,065
Other costs	(4,898)	(16,788)	–	(21,686)
Finance costs	(1,749)	(2,013)	–	(3,762)
Loss before tax	(6,542)	(6,841)	–	(13,383)
Income tax credit	–	–	–	–
Loss for the financial year	(6,542)	(6,841)	–	(13,383)
Assets and liabilities				
Segment assets	3,515	55,362	–	58,877
Segment liabilities	31,706	36,734	–	68,440
Other segment information				
Capital expenditure	478	1,799	–	2,277
Depreciation and amortisation	173	2,924	–	3,097
Non-cash items other than depreciation and amortisation	3,037	(10,799)	–	(7,762)
Impairment loss on property, plant and equipment	–	11,720	–	11,720

33 SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments is as follows: (Continued)

	Continuing operations		Discontinued operations		
	Trading & Distribution US$'000	Tinplate manufacturing US$'000	Tinplate processing US$'000	Eliminations US$'000	Total US$'000
2017					
Segment revenue to:					
– sales to external customers	101,167	659	28,393	–	130,219
Segment results	380	5	(368)	–	17
Other income	6,696	947	1,542	–	9,185
Other costs	(5,762)	(8,867)	1,053	–	(13,576)
Finance costs	(3,579)	(900)	(659)	–	(5,138)
(Loss)/profit before tax	(2,265)	(8,815)	1,568	–	(9,512)
Income tax credit	4	–	–	–	4
(Loss)/profit for the financial year	(2,261)	(8,815)	1,568	–	(9,508)
Assets and liabilities					
Segment assets	8,433	61,249	–	–	69,682
Segment liabilities	43,408	25,515	–	–	68,923
Other segment information					
Capital expenditure	17	1,143	601	–	1,761
Depreciation and amortisation	131	2,091	528	–	2,750
Non-cash items other than depreciation and amortisation	1,552	1,681	(1,201)	–	2,032

33 SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

The Group's operations are located in one (2017: three) main geographical areas. The turnover by geographical segments are based on the location of customers regardless of where the goods are produced. The following table provides an analysis of the Group's revenue and non-current assets by geographical markets, irrespective of the origin of the goods and services.

	Sales to external customers		**Non-current assets**	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
PRC	**–**	130,105	**48,992**	56,752
Philippines	**–**	114	**–**	–
	–	130,219	**48,992**	56,752

Non-current assets information presented above are non-current assets as presented on the statements of financial position.

INFORMATION ABOUT MAJOR CUSTOMER

There was no revenue recorded during the financial year ended 30 April 2018.

Revenue of approximately US$71,274,000 during the previous financial year ended 30 April 2017 was derived from 5 major external customers who individually contributed 10% or more of the Group's revenue and are attributable to the Trading & Distribution segment.

	Group US$'000
2017	
Customer 1	17,587
Customer 2	15,257
Customer 3	15,156
Customer 4	12,912
Customer 5	10,362
	71,274

34 RECONCILIATION BETWEEN FRSS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

For the financial years ended 30 April 2018 and 30 April 2017, there were no material differences between statements of financial position and statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group prepared under FRSs and IFRSs.

35 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(i) 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 2017 (and as extended by various extension letters in 2018) (the "**Loan Agreements**").

The Company has demanded supporting documents in particular the remittance and transactions to substantiate the validity of the Alleged Loans. The Company will make payments when concrete evidence of the existence of the Alleged Loans can be satisfied.

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

(ii) As announced on 26 October 2018, Wah Shun Storage Limited ("**WSSL**") an indirect wholly-owned subsidiary of the Company and Xinghua City Xingjin Waste and Waste Recycling Station (the "**Purchaser**") entered into the agreement of disposing of 60% equity interest in XHDD (the "**Disposal**") at a total consideration of RMB4.2 million (approximately US$605,000) on 21 September 2018. A portion of the consideration of approximately RMB1.06 million shall be offset against the outstanding debts owed by YNMT to the Purchaser. Upon completion of the Disposal, the Vendor shall cease to be a subsidiary of the Company and the results of XHDD shall no longer be consolidated into the consolidated financial statements of the Group. Effects of the disposal of XHDD to the Group's profit or loss and cash flows for the financial year ended 30 April 2019 are not disclosed as accounting for the disposal is still incomplete at the time these financial statements are authorised for issue.

35 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(iii) On 5 December 2018, YNMT and RSCL entered into a variation to the Deed of Settlement (the "**2018 Variation Deed**") to vary the payment due dates for the borrowing disclosed in Note 23. Pursuant to the Variation Deed:

– YNMT shall pay the interest accrued of the first instalment totalling HK$750,000 or US$96,154 by 12 December 2018; and

– The revised payment schedule shall be as follows:

	Original sum due under the Deed of Settlement (including interest accrued)	**Additional interest**	**Sums to be paid**	**Payment due date**
	US$'000	US$'000	US$'000	
First instalment	480			
Second instalment	498		1,530	By 5 August 2019
Third instalment	492	60		
Fourth instalment	486	6	492	By 3 December 2019

(iv) On 15 April 2019, the Group transferred two subsidiaries NCL and NOHPL to a company wholly-owned by Mr. Zhu Jun, the executive Director and controlling shareholder of the Company at a consideration of HK$780 (equivalent to approximately US$100) (the "**Disposal**"). Given the two disposed subsidiaries have been inactive with no business operations for more than a year and are still in net liability position as at the date of disposal, the Directors are of the view that the foregoing disposal (together with the consideration) is fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board will continue to review and assess the group structure and the overall financial position of the Group and carry out further restructurings as and when appropriate. Upon completion of the of the Disposal, each of NCL and NOHPL will cease to be a subsidiary of the Company, approximately US$36.8 million net liabilities will be taken out from the Group and the Group's financial position will turn back to net assets.

36 Basis for qualified opinion on the financial statements for the previous financial year ended 30 April 2017

The independent auditor's report dated 1 August 2018 expressed a qualified opinion on the financial statements for the financial year ended 30 April 2017. The extract of the basis for qualified opinion is as follows:

"(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.

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 for the financial year ended 30 April 2017.

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.

36 BASIS FOR QUALIFIED OPINION ON THE FINANCIAL STATEMENTS FOR THE PREVIOUS FINANCIAL YEAR ENDED 30 APRIL 2017 (CONTINUED)

(2) PROPERTY, PLANT AND EQUIPMENT

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**")

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;

36 BASIS FOR QUALIFIED OPINION ON THE FINANCIAL STATEMENTS FOR THE PREVIOUS FINANCIAL YEAR ENDED 30 APRIL 2017 (CONTINUED)

(3) PROFIT FROM DISCONTINUED OPERATIONS OF TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED ("TIANJIN SHIFA") (CONTINUED)

(ii) the basic and diluted earnings per share attributable to equity holders of the Company for profit from discontinued operations;

(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;

(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

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 of 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."

37 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2018 were authorised for issue in accordance with a resolution of the Board of Directors dated 16 April 2019.

FIVE-YEAR SUMMARY

A summary of the result, assets and liabilities and non-controlling interests of the Group for the last five year ended 30 April, as extracted from the published audited financial statements is set out below.

RESULTS

	2018	2017	2016	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	**–**	101,826	102,221	225,857	272,998
Loss for the financial year attributable to equity holders of the Company	**12,223**	9,274	10,895	22,104	13,273
Loss per share (in US cents)	**6.38**	4.98	6.38	12.94	7.77

ASSETS AND LIABILITIES

			(Restated)		
	2018	2017	2016	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets	**48,992**	56,752	63,147	78,836	79,405
Current assets	**9,885**	12,930	83,348	79,762	103,396
Total assets	**58,877**	69,682	146,495	158,598	182,801
Total liabilities	**(68,440)**	(68,923)	(143,345)	(142,066)	(141,885)
Non-controlling interests	**(3,011)**	(1,662)	(834)	(2,435)	(4,897)
Total equity attributable to equity holders of the Company	**(12,574)**	(903)	2,316	14,097	36,019

Statistics of Shareholding

SHAREHOLDING STATISTICS AS AT 18 April 2019

Issued and fully paid	:	S$163,192,179.92
Number of shares with voting rights	:	191,484,269
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

% of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares (excluding treasury share and subsidiary holdings) - 0%

SUBSTANTIAL SHAREHOLDERS

	Direct interest		**Deemed Interest**	
	No. of Shares	%	No. of Shares	%
Zhu Jun	700,000	0.37	126,803,668	66.22
Golden Star Group Limited	126,803,668	66.22	0	0

Note:

(1) Zhu Jun is deemed to be interested in 126,803,668 Shares held by Golden Star as he is the legal and beneficial owner of 100% of the issued and paid up capital in Golden Star, and a director of Golden Star. Zhu Jun and Golden Star held their Shares directly and through their nominee securities accounts.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 April 2019, approximately 33.41% of the issued ordinary shares ("**Shares**") of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited were complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1,133	70.46	15,888	0.01
100 – 1,000	175	10.88	47,771	0.03
1,001 – 10,000	190	11.82	866,016	0.45
10,001 – 1,000,000	108	6.72	4,545,326	2.37
1,000,001 AND ABOVE	2	0.12	186,009,268	97.14
Total	1,608	100.00	191,484,269	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HKSCC NOMINEES LIMITED(i)	173,922,337(ii)	90.83
2	GOLDEN STAR GROUP LIMITED	12,086,931	6.31
3	UOB KAY HIAN PRIVATE LIMITED(i)	373,299	0.19
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD(i)	335,500	0.18
5	NGAN FAI WONG	300,000	0.16
6	RAFFLES NOMINEES (PTE) LIMITED(i)	285,611	0.15
7	MAYBANK KIM ENG SECURITIES PTE. LTD.(i)	250,062	0.13
8	PHUAY YONG HEN	187,500	0.10
9	LE NGOC MY	173,250	0.09
10	CITIBANK NOMINEES SINGAPORE PTE LTD(i)	152,574	0.08
11	TAY CHIN KONG STEVEN	125,000	0.07
12	SOHN YANG YOUNG	123,750	0.06
13	TAY AH KIANG	116,000	0.06
14	ANG DE YU	87,000	0.05
15	LAU KIT CHING	60,500	0.03
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED(i)	60,311	0.03
17	TEY SIOK LEE	60,000	0.03
18	DBS NOMINEES (PRIVATE) LIMITED(i)	52,707	0.03
19	ONG SWEE HEE	50,000	0.03
20	TAN TIONG LEI	50,000	0.03
	Total	188,852,332	98.64

(i) Stockbroker, nominees or registered dealer in securities
(ii) Included 700,000 Shares of Zhu Jun and 114,716,737 Shares under Golden Star Group Limited

Corporate Information

Board of Directors

Executive Directors
Mr. Zhu Jun *(executive Chairman)*
Ms. Wang Jianqiao
Mr. Lei Yonghua (Since 21 March 2019)

Non-Executive Director
Dr. Ouyang Qian

Independent non-executive Directors
Mr. Tang Chi Loong
Mr. Foo Teck Leong
Mr. William Robert Majcher

Audit Committee

Mr. Foo Teck Leong *(Chairman)*
Mr. Tang Chi Loong
Mr. William Robert Majcher

Nominating Committee

Mr. Zhu Jun *(Chairman)*
Mr. Tang Chi Loong
Mr. Foo Teck Leong
Mr. William Robert Majcher

Remuneration Committee

Mr. Tang Chi Loong *(Chairman)*
Mr. Zhu Jun
Mr. Foo Teck Leong
Mr. William Robert Majcher
Dr. Ouyang Qian

Company Secretaries

Mr. Srikanth Rayaprolu
Mr. Kwok Siu Man (Until 7 August 2018)
Ms. Lau Jeanie (From 7 August 2018 to 14 January 2019)
Mrs. Fung Lui Kit Har, Keziah (Since 1 March 2019)

Authorised Representatives

Mr. Zhu Jun
Mr. Kwok Siu Man (Until 7 August 2018)
Ms. Lau Jeanie (From 7 August 2018 to 14 January 2019)
Ms. Wang Jianqiao (Since 14 January 2019)

Stock Code

Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

Company's Website

www.yorkshinegroup.com

Registered Office

24 Raffles Place
#10-05 Clifford Centre
Singapore 048621
Tel: (65) 6323 2213
Fax: (65) 6323 2667

Headquarters and Principal Place of Business in Hong Kong

Room Nos. 1102-4, 11/F., Empire Centre
68 Mody Road, Kowloon, Hong Kong
Tel: (852) 3708 1888
Fax: (852) 3708 1899

Principal Share Registrar and Transfer Office in Singapore

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

Branch Share Registrar and Transfer Office in Hong Kong

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F., 148 Electric Road
North Point, Hong Kong

Independent Auditor

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-Charge: Lim Kok Heng
(Appointed since the year ended 30 April 2014)

Principal Bankers

(Listed in alphabetical order)
China CITIC Bank Corporation Limited,
  Taizhou Branch
China CITIC Bank Corporation Limited,
  Xinghua Sub-Branch
China CITIC Bank International Limited
Jiangsu Xinghua Rural Commercial Bank Co. Ltd.,
  Daduo Sub-Branch