# YORKSHINE HOLDINGS LIMITED
# 煜新控股有限公司*

*(Company Registration No. 198902648H)*
*(Incorporated in Singapore with limited liability)*

**Hong Kong Stock Code: 1048**
**Singapore Stock Code: MR8**

## UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2018

**HIGHLIGHTS**

- Sales revenue was US$5.6 million
- Other income was US$0.4 million, down US$0.8 million from the corresponding period ended 31 October 2017
- Net loss was US$6.8 million, up US$3.2 million from the corresponding period ended 31 October 2017
- Total borrowings amounted to US$52.6 million (30 April 2018: US$52.0 million)
- Loss per share was 3.8 US cents
- The Board resolved not to declare an interim dividend for the six months ended 31 October 2018

* *For identification purpose only*

The board (the "**Board**") of directors (the "**Directors**") of Yorkshine Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 31 October 2018 ("**1HFY2019**") with comparative figures as follows:

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

*For the six months ended 31 October 2018*

| | | **Unaudited** | |
|---|---|---|---|
| | | **Six months ended 31 October** | |
| | | **2018** | 2017 |
| | *Note* | ***US$'000*** | *US$'000* |
| Revenue | *4* | **5,596** | – |
| Cost of sales | | **(7,572)** | – |
| **Gross loss** | | **(1,976)** | – |
| Other income | *6* | **427** | 1,225 |
| Administrative expenses | | **(2,951)** | (4,119) |
| Other expenses | | **(1,346)** | (58) |
| Finance costs | *7* | **(971)** | (659) |
| **Loss before tax** | *8* | **(6,817)** | (3,611) |
| Income tax | *9* | **(9)** | (7) |
| Loss for the period | | **(6,826)** | (3,618) |
| **Loss for the period attributable to:** | | | |
| Equity holders of the Company | | **(7,269)** | (3,492) |
| Non-controlling interests | | **443** | (126) |
| Loss for the period | | **(6,826)** | (3,618) |
| **Loss per share for the period attributable to equity holders of the Company (in US cents)** | | | |
| Basic and Diluted | *10* | **(3.80)** | (1.87) |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 31 October 2018*

| | Unaudited | |
|---|---|---|
| | Six months ended 31 October | |
| | **2018** | 2017 |
| | ***US$'000*** | *US$'000* |
| **Loss for the period** | **(6,826)** | (3,618) |
| **Other comprehensive profit/(loss) for the period, net of tax** | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | |
| Acquisition/(disposal) of subsidiaries | **(2,353)** | 869 |
| Currency translation differences arising on consolidation | **(857)** | 926 |
| **Total comprehensive loss for the period** | **(10,036)** | (1,823) |
| **Total comprehensive profit/(loss) for the period attributable to:** | | |
| Equity holders of the Company | **(9,007)** | (2,378) |
| Non-controlling interests | **(1,029)** | 555 |
| **Total comprehensive loss for the period** | **(10,036)** | (1,823) |

Details of the dividend for the period are disclosed in Note 11.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

*As at 31 October 2018*

| | *Note* | **Unaudited As at 31 October 2018 *US$'000*** | Audited As at 30 April 2018 *US$'000* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *12* | **39,772** | 45,165 |
| Investment property | | **949** | 1,046 |
| Land use rights | | **2,488** | 2,781 |
| **Total non-current assets** | | **43,209** | 48,992 |
| **Current assets** | | | |
| Inventories | | **3,093** | 652 |
| Trade and other receivables | *13* | **6,174** | 7,971 |
| Cash and cash equivalents | | **1,084** | 1,262 |
| **Total current assets** | | **10,351** | 9,885 |
| **Total assets** | | **53,560** | 58,877 |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONT'D)**

*As at 31 October 2018*

| | Note | **Unaudited As at 31 October 2018 *US$'000*** | Audited As at 30 April 2018 *US$'000* |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liability** | | | |
| Borrowings | *15* | **960** | 960 |
| **Total non-current liability** | | **960** | 960 |
| **Current liabilities** | | | |
| Trade and other payables | *14* | **20,450** | 16,341 |
| Borrowings | *15* | **51,688** | 51,072 |
| Deferred income | | **61** | 67 |
| **Total current liabilities** | | **72,199** | 67,480 |
| **Total liabilities** | | **73,159** | 68,440 |
| **Net liabilities** | | **(19,599)** | (9,563) |
| **Equity** | | | |
| Share capital | *16* | **38,390** | 38,390 |
| Accumulated losses | | **(64,148)** | (56,879) |
| Foreign currency translation reserve | | **1,543** | 2,748 |
| Statutory reserve | | **33** | 33 |
| Other reserves | | **2,601** | 3,134 |
| Total equity attributable to: | | | |
| Equity holders of the Company | | **(21,581)** | (12,574) |
| Non-controlling interests | | **1,982** | 3,011 |
| **Total equity deficit** | | **(19,599)** | (9,563) |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

*For the six months ended 31 October 2018*

| | Unaudited<br>Six months ended 31 October<br>**2018**<br>***US$'000*** | <br><br>2017<br>*US$'000* |
|---|---|---|
| Net cash used in operating activities | **(1,397)** | (1,326) |
| Net cash used in investing activities | **(1,002)** | (21) |
| Net cash generated from/(used in) financing activities | **2,221** | (304) |
| Net decrease in cash and cash equivalents | **(178)** | (1,651) |
| Cash and cash equivalents at beginning of the period | **1,262** | 6,888 |
| Cash and cash equivalents at end of the period | **1,084** | 5,237 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 31 October 2018*

## 1. CORPORATE INFORMATION

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**") 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 048621. The headquarters and principal place of business of the Group is 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 subsidiaries of the Company are principally engaged in manufacturing, sales and distribution of tinplate and related products for metal packaging industry ("**Tinplate Manufacturing business**") in the People's Republic of China (the "**PRC**") and trading of iron ore, coal and steel products across the globe ("**Trading & Distribution business**"). The Trading & Distribution business has continuously been temporarily suspended during the period.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2018 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on SEHK (the "**Listing Rules**") and in compliance with Singapore Financial Reporting Standard 34 "**Interim Financial Reporting**" issued by the Singapore Accounting Standards Council ("**ASC**").

The unaudited condensed consolidated interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2018.

The unaudited condensed consolidated interim financial information are presented in United States dollars ("**US$**") which is also the functional currency of the Company, rounded to the nearest thousand US$ ("**US$'000**"), unless otherwise stated.

The unaudited condensed consolidated interim financial information have been prepared under the historical cost basis, except for the derivative financial instruments which are stated at their fair values.

### Estimates and assumptions

Estimates and assumptions concerning the future and judgements are made in the preparation of these unaudited condensed consolidated interim financial statements. Estimates and assumptions may 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.

## 2. BASIS OF PREPARATION (CONT'D)

### Going concern basis

These unaudited condensed consolidated interim financial statements for the six months ended 31 October 2018 have been prepared on the assumptions that the Group and the Company will continue as going concerns. Details about the going concern assumptions can be referred to pages 108 to 110 of the 2018 annual report of the Company.

The financial information relating to the year ended 30 April 2018 has been included in the condensed consolidated interim financial information for the six months ended 31 October 2018 as comparative information. However, the Company's independent auditor ("**Auditor**") expressed a qualified opinion ("**Qualified Opinion**") on those financial statements for the year ended 30 April 2018 in their report dated 16 April 2019. An extract of which is included in Appendix I to this announcement.

## 3. CHANGES IN ACCOUNTING POLICIES

The Group has basically adopted the same accounting policies and methods of computation as the most recently audited annual financial statements of the Company have been applied.

The ASC announced that Singapore incorporated companies listed on the 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 current financial year ending 30 April 2019 is prepared in accordance with SFRS(I) issued by ASC.

The following are relevant SFRS(I) that have been adopted:

- SFRS(I) 9 "Financial Instruments" which replaced FRS 39;
- SFRS(I) 15 "Revenue from Contracts with Customers" replaced FRS 18 "Revenue", FRS 11 "Construction contracts" and other revenue-related interpretations; and
- SFRS(I) 16 "Leases" replaced the existing FRS 17 "Leases".

The application of the IFRS Convergence new standards, amendments to standards and interpretations does not have any significant impact on the financial statements of the Group.

## 4. REVENUE

| | **Unaudited** | |
|---|---|---|
| | **Six months ended 31 October** | |
| | **2018** | 2017 |
| | ***US$'000*** | *US$'000* |
| Sales of goods: | | |
| Tinplate manufacturing | **5,596** | – |

## 5. SEGMENT INFORMATION

### (i) Business segment

The Group is organised into business units based on its business segments purposes. Management monitors the operating results of its businesses units separately for making decisions about allocation of resources and assessment of performances of each segment. The reportable segments for the six months ended 31 October 2018 ("**1HFY2019**") and the six months ended 31 October 2017 ("**1HFY2018**") are:

*(a) Tinplate Manufacturing*

Manufacturing, sales and distribution of tinplate and related products for metal packaging industry.

*(b) Trading & Distribution*

Trading & distribution of a comprehensive product portfolio in the areas of iron ore, coal and steel products across the globe.

*For the six months ended 31 October 2018*

| | Unaudited | | | |
|---|---|---|---|---|
| | **Trading & Distribution** *US$'000* | **Tinplate Manufacturing** *US$'000* | **Eliminations** *US$'000* | **Total** *US$'000* |
| Segment revenue | | | | |
| – sales to external customers | **–** | **5,596** | **–** | **5,596** |
| Segment results | **–** | **(1,976)** | **–** | **(1,976)** |
| Other income | **111** | **316** | **–** | **427** |
| Other costs | **(2,440)** | **(1,857)** | **–** | **(4,297)** |
| Finance costs | **(805)** | **(166)** | **–** | **(971)** |
| Loss before tax | **(3,134)** | **(3,683)** | **–** | **(6,817)** |
| Income tax | **(9)** | **–** | **–** | **(9)** |
| Loss for the period | **(3,143)** | **(3,683)** | **–** | **(6,826)** |
| Assets and liabilities | | | | |
| Segment assets | **3,761** | **49,799** | **–** | **53,560** |
| Segment liabilities | **45,015** | **28,144** | **–** | **73,159** |
| Other segment information | | | | |
| Capital expenditure | **–** | **1,002** | **–** | **1,002** |
| Depreciation and amortisation | **13** | **1,065** | **–** | **1,078** |
| Non-cash item other than depreciation and amortisation | **–** | **104** | **–** | **104** |

## 5. SEGMENT INFORMATION (CONT'D)

### (i) Business segment (cont'd)

*For the six months ended 31 October 2017*

| | Unaudited | | | |
|---|---|---|---|---|
| | Trading & Distribution | Tinplate Manufacturing | Eliminations | Total |
| | *US$'000* | *US$'000* | *US$'000* | *US$'000* |
| Segment revenue | | | | |
| – sales to external customers | – | – | – | – |
| Segment results | – | – | – | – |
| Other income | 223 | 1,002 | – | 1,225 |
| Other costs | (2,781) | (1,396) | – | (4,177) |
| Finance costs | (176) | (483) | – | (659) |
| Loss before tax | (2,734) | (877) | – | (3,611) |
| Income tax | (7) | – | – | (7) |
| Loss for the period | (2,741) | (877) | – | (3,618) |
| Assets and liabilities | | | | |
| Segment assets | 130,983 | 75,114 | (134,981) | 71,116 |
| Segment liabilities | 42,293 | 85,194 | (55,307) | 72,180 |
| Other segment information | | | | |
| Capital expenditure | 171 | 294 | – | 465 |
| Depreciation and amortisation | 63 | 1,028 | – | 1,091 |
| Non-cash item other than depreciation and amortisation | – | (426) | – | (426) |

## 5. SEGMENT INFORMATION (CONT'D)

### (ii) Geographical information

The Group's operations are located in one (1HFY2018: one) main geographical area.

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 Six months ended 31 October** | | **Non-current assets As at** | |
|---|---|---|---|---|
| | | | **31 October** | 30 April |
| | **2018** | 2017 | **2018** | 2018 |
| | **Unaudited** | Unaudited | **Unaudited** | Audited |
| | ***US$'000*** | *US$'000* | ***US$'000*** | *US$'000* |
| **PRC** | **5,596** | – | **43,209** | 48,992 |

Non-current assets information presented above are non-current assets as presented on the condensed consolidated interim statement of financial position.

## 6. OTHER INCOME

| | **Unaudited Six months ended 31 October** | |
|---|---|---|
| | **2018** | 2017 |
| | ***US$'000*** | *US$'000* |
| Amortisation of deferred income | **–** | 224 |
| Distribution agency income | **–** | 169 |
| Gain on disposal of a subsidiary | **104** | – |
| Net foreign exchange gain | **–** | 796 |
| Rental income | **31** | – |
| Sundry income | **292** | 34 |
| | **427** | 1,223 |

## 7. FINANCE COSTS

| | Unaudited<br>Six months ended 31 October<br>2018<br>*US$'000* | <br><br>2017<br>*US$'000* |
|---|---|---|
| Bank charges | **10** | 6 |
| Deemed interest expenses on interest-free loans due to former immediate and ultimate holding company | **802** | – |
| Interest on bank borrowings | **159** | 653 |
| | **971** | 659 |

## 8. LOSS BEFORE TAX

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

| | Unaudited<br>Six months ended 31 October<br>2018<br>*US$'000* | <br><br>2017<br>*US$'000* |
|---|---|---|
| Amortisation of land use rights | **–** | 1 |
| Depreciation of property, plant and equipment ("**PPE**") | **71** | 1,090 |
| Depreciation of PPE as an expense in cost of sales | **1,007** | – |
| Loss on disposal of PPE | **45** | – |
| Material costs recognised as an expense in cost of sales | **5,786** | – |
| Net foreign exchange loss/(gain) | **1,270** | (796) |
| Rental expenses | **339** | 383 |
| Staff costs | **1,238** | 1,579 |
| Written off of PPE | **–** | 46 |

## 9. INCOME TAX

| | Unaudited<br>Six months ended 31 October<br>**2018**<br>***US$'000*** | <br><br>2017<br>*US$'000* |
|---|---|---|
| Income tax expenses is recorded to loss is made up of: | | |
| Provision of current income tax | | |
| – Singapore | **9** | 7 |
| | **9** | 7 |

## 10. LOSS PER SHARE

Basic and diluted loss per share are calculated based on the Group's loss for the period attributable to the equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the period ended 31 October 2018 and 31 October 2017.

| | Unaudited<br>Six months ended 31 October<br>**2018**<br>***US$'000*** | <br><br>2017<br>*US$'000* |
|---|---|---|
| Loss for the period attributable to equity holders of the Company | **(7,269)** | (3,492) |

| | Unaudited<br>Number of ordinary shares<br>**2018** | <br><br>2017 |
|---|---|---|
| Weighted average number of ordinary shares for basic and diluted loss per share ('000) | **191,484** | 186,272 |

There were no potentially dilutive ordinary shares in existence during the six months ended 31 October 2018 and 2017 and therefore the diluted loss per share amounts for those periods were the same as the basic loss per share.

## 11. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2018 (31 October 2017: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired approximately US$1,002,000 (1HFY2017: US$197,000) of property, plant and equipment.

A qualified opinion ("**Qualified Opinion**") was expressed by Baker Tilly TFW LLP, the independent auditor of the Company on the corresponding figures and impairment loss related to the property, plant and equipment charged to the Group's profit or loss in connection with the audit of the financial statements for the year ended 30 April 2018. Detail should be referred to Appendix I to this announcement.

There is no audit qualified opinion in connection with the balance for property, plant and equipment as at 30 April 2018.

## 13. TRADE AND OTHER RECEIVABLES

| | **Unaudited As at 31 October 2018** *US$'000* | Audited As at 30 April 2018 *US$'000* |
|---|---|---|
| Trade and bills receivables | **40** | 245 |
| Other receivables | **2,903** | 624 |
| | **2,943** | 869 |
| Advance payment to suppliers | **1,462** | 1,158 |
| Amounts due from non-controlling shareholder of the subsidiary | **380** | 397 |
| Deposits | **289** | 297 |
| Prepayments | **548** | 801 |
| Value-added tax and other receivables | **552** | 4,449 |
| | **3,231** | 7,102 |
| Allowance for impairment of other receivables | **–** | – |
| | **6,174** | 7,971 |

## 13. TRADE AND OTHER RECEIVABLES (CONT'D)

As at 31 October 2018, trade and bills receivables amounted to US$40,000 (30 April 2018: US$245,000) were pledged to Real Shine Capital Limited ("**RSCL**") for borrowings (Note 15).

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

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 pending refund upon the completion of the respective litigations.

The ageing analysis of trade and bills receivables and other receivables based on delivery date is as follows:

| | **Unaudited As at 31 October 2018** ***US$'000*** | Audited As at 30 April 2018 *US$'000* |
|---|---|---|
| Not past due and not impaired | **2,922** | 848 |
| Past due but not impaired: | | |
| More than 12 months | **21** | 21 |
| Amount past due but not impaired | **21** | 21 |
| | **2,943** | 869 |

Aging of the Group's trade and other receivables are being monitored and no further allowance for impairment of trade and other receivables as at 31 October 2018 is necessary as there was no recent history of significant default in respect of these trade and other receivables.

## 14. TRADE AND OTHER PAYABLES

| | **Unaudited**<br>**As at**<br>**31 October**<br>**2018**<br>***US$'000*** | Audited<br>As at<br>30 April<br>2018<br>*US$'000* |
|---|---|---|
| Trade and bills payables | **947** | 273 |
| Sales deposits received | **12** | 12 |
| Accrued operating expenses | **4,222** | 4,853 |
| Other payables | **4,433** | 4,154 |
| Other payables for property, plant and equipment | **2,805** | 2,236 |
| Amounts due to immediate and ultimate holding company | **2,988** | 2,731 |
| Amounts due to a director | **4,004** | 2,040 |
| Amounts due to a related party | **1,039** | 42 |
| | **20,450** | 16,341 |

Amount due to a director are non-trade nature and interest-free. Amount due to a related party is non-trade nature and carrying an interest of 1% per annum.

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

| | **Unaudited**<br>**As at**<br>**31 October**<br>**2018**<br>***US$'000*** | Audited<br>As at<br>30 April<br>2018<br>*US$'000* |
|---|---|---|
| 0 to 3 months | **929** | – |
| More than 12 months | **18** | 273 |
| | **947** | 273 |

## 15. BORROWINGS

| | Unaudited As at 31 October 2018 *US$'000* | Audited As at 30 April 2018 *US$'000* |
|---|---|---|
| **Non-current liability** | | |
| Loans from Real Shine Capital Limited | **960** | 960 |
| | **960** | 960 |
| **Current liabilities** | | |
| Loans from a director [(i)] | **6,653** | 6,653 |
| Loans from a former director | **417** | 417 |
| Loans from a related party [(ii)] | **1,804** | 1,734 |
| Loans from former immediate and ultimate holding company [(iii)] | **34,119** | 33,335 |
| Loans from Real Shine Capital Limited [(v)] | **960** | 960 |
| Revolving credit facility | **2,297** | 2,535 |
| Other borrowings [(iv)] | **5,438** | 5,438 |
| | **51,688** | 51,072 |
| | **52,648** | 52,032 |

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

*Notes:*

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

(ii) Loans from a related party are unsecured, interest-free and repayable on demand.

## 15. BORROWINGS (CONT'D)

(iii) Loans from former immediate and ultimate holding company are unsecured, interest-free and repayable on 1 August 2018.

Pursuant to a letter dated 11 July 2018 (the "**Letter**") addressed to the Company and five of its subsidiaries (the "**Relevant Subsidiaries**"), New Page Investments Limited ("**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 "**New Page 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 through its legal adviser on 23 August 2018 has demanded supporting documents in particular the remittance and transactions to substantiate the validity of the New Page Loans. The Company will make payments when concrete evidence of the existence of the New Page Loans can be satisfied. By a letter dated 15 May 2019, New Page demanded the Company to pay the sum of US$33,248,130.29, being the amount of the New Page Loans. As at the date when these financial statements were approved for issue by the Board of Directors, no reply for information has ever been received from New Page.

(iv) 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;

(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.

The Group has not made payment of the principal repayments, totaling 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.

The Group has not made payment of the principal repayments, totaling US$2,700,000 on their respective due dates during the financial period ended 31 October 2018. The Group has not made payment of the principal repayments of the other borrowings due to a strategic partner totaling 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. 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.

## 15. BORROWINGS (CONT'D)

(v) Loans from Real Shine Capital Limited

On 18 August 2017, China CITIC Bank International Limited (the "**Bank**"), Real Shine Capital Limited ("**RSCL**") and Yorkshine New Material (Taizhou) Limited ("**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 on 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:

– 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

– 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 the 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.

## 15. BORROWINGS (CONT'D)

(v) Loans from Real Shine Capital Limited (cont'd)

As disclosed in Note 35(iii) on the financial statement for the year ended 30 April 2018, 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.

(vi) Securities Pledged as Collaterals

The Group's bank loan and loan from RSCL are granted to one of the subsidiaries in the PRC are secured by way of:

- Legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- Legal pledge of land use right, construction work-in-progress, investment property, building and plant and machinery;
- 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.

As at the end of the reporting period, the Group has pledged the following assets to banks and RSCL as securities against borrowings granted to the Group:

| | **Unaudited As at 31 October 2018** ***US$'000*** | Audited As at 30 April 2018 *US$'000* |
|---|---|---|
| Construction work-in-progress | **1,673** | 1,736 |
| Furniture, fixtures and computer equipment | **240** | 80 |
| Inventories | **3,071** | 622 |
| Investment property | **949** | 1,046 |
| Land use rights | **2,488** | 2,781 |
| Leasehold land and building | **6,670** | 6,856 |
| Motor vehicles | **–** | 7 |
| Plant and machinery | **29,779** | 35,555 |
| Trade and bills receivables | **40** | 245 |
| Others# | **21,852** | 24,409 |
| | **66,762** | 73,337 |

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

## 16. SHARE CAPITAL

| | Number of shares | Amount |
|---|---|---|
| | | *US$'000* |
| As at 1 May 2017, 30 April 2018 (Audited) and 31 October 2018 (Unaudited) | 191,484,269 | 38,390 |

There was no issue of new shares during the current financial period. 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 restriction.

## 17. CAPITAL COMMITMENTS

### (a) Capital commitments

Capital commitments not provided for in the financial statements:

| | **Unaudited As at 31 October 2018** | Audited As at 30 April 2018 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Expenditure for property, plant and equipment contracted for | – | 31 |

## 17. CAPITAL COMMITMENTS (CONT'D)

### (b) Operating lease commitments

*Where the Group is 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:

| | **Unaudited As at 31 October 2018** ***US$'000*** | Audited As at 30 April 2018 *US$'000* |
|---|---|---|
| Not later than one financial year | **546** | 846 |
| Later than one financial year but not later than five financial years | **43** | 223 |
| | **589** | 1,069 |

*Where the Group is lessor*

The Group leases out investment property to third party under non-cancellable operating leases arrangements. The leases have an average tenure of one year.

As 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:

| | **Unaudited As at 31 October 2018** ***US$'000*** | Audited As at 30 April 2018 *US$'000* |
|---|---|---|
| Not later than one financial year | **21** | 57 |

## 18. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the following related party transactions took place between the Group and related parties, who are not members of the Group, during the financial period on terms agreed by the parties concerned:

| | | Unaudited Six months ended 31 October | |
|---|---|---|---|
| | | **2018** | 2017 |
| | Note | ***US$'000*** | *US$'000* |
| Deemed interest expense on loans due to a former immediate and ultimate holding company | (i) | **802** | – |
| Loan interest paid/payable to a related party | (ii) | **–** | 6 |

(i) Loan interest was payable to a related party based on terms agreed by the parties 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) The loans due to former immediate and ultimate holding company i.e. the 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$802,000 was recognised in the Group's profit or loss during 1HFY2019.

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

| | Unaudited Six months ended 31 October | |
|---|---|---|
| | **2018** | 2017 |
| | ***US$'000*** | *US$'000* |
| Directors' fees | **49** | 49 |
| Salaries and bonuses | **115** | 163 |
| Contributions to defined contribution plans | **1** | 2 |
| | **165** | 214 |

## 19. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(i) 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 16. Pursuant to the Variation Deed:

– YNMT shall pay the interest accrued of the first instalment totaling 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)** *US$'000* | **Additional interest** *US$'000* | **Sums to be paid** *US$'000* | **Payment due date** *US$'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 |

(ii) On 15 April 2019, the Group 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 Chairman, 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 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.

## 20. RECONCILIATION BETWEEN SFRSs AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the six months ended 31 October 2018, there were no material differences between the consolidated financial statements of the Group prepared under SFRSs and IFRSs (which include all IFRS, International Accounting Standards and Interpretations).

## MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 31 October 2018 (the "**Period**" or "**1HFY2019**"), 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 continuously been temporarily suspended during the Period.

The business segment for 1HFY2019 and 1HFY2018 were summarised as below:

| Business Segments | Remarks |
|---|---|
| (a) Tinplate manufacturing ("**Tinplate Manufacturing business**") | Started revitalization 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 and 1HFY2019. |

## STREAMLINING OF GROUP STRUCTURE

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 to a company wholly-owned by Mr. Zhu Jun, the executive Chairman, the executive Director and controlling shareholder of the Company at a consideration of HK$780 (equivalent to approximately US$100) on 15 April 2019. 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.

## FINANCIAL REVIEW

### (A) Result of the Period

*Revenue and Gross Profit*

The Tinplate Manufacturing business was suspended during the financial year ended 30 April 2015 has undergone revitalization and has resumed its operation in May 2018 and generated approximately US$5.60 million sales revenue in the Period. The gross loss was due to the Tinplate Manufacturing business was at the very early resumed stage. The plant and machinery has been going through trial testing. The sales volume is coping up to the breakeven point stage by stage.

*Other Income*

Other income for the 1HFY2019 was US$0.43 million (for the period ended 31 October 2017 "**1HFY2018**": US$1.22 million), mainly comprised of a one-time gain of US$0.21 million on the refund of building taxes and urban land utilization taxes in the PRC and a gain on the disposal of a subsidiary in September 2018 of US$0.10 million. The decrease in other income was due to a net foreign exchange gain was recorded in 1HFY2018 of US$0.80 million.

*Administrative Expenses*

Administrative expenses for the Period was US$3.0 million (1HFY2018: US$4.12 million), with a net decrease of US$1.12 million. The Group has been cautious in keeping the administrative expenses stable and under control. The period-on-period decrease was mainly due to approximately US$1.0 million depreciation of property, plant and equipment was recognised in the cost of sales instead of administrative expenses due to the resumption of the Tinplate Manufacturing business in May 2018.

*Other Expenses*

Other expenses for the Period was US$1.34 million (1HFY2018: US$0.06 million). The fluctuation was mainly due to foreign exchange loss of US$1.27 million versus a corresponding gain of US$0.80 million in 1HFY2018.

*Finance Costs*

Finance costs for the Period was US$0.97 million (1HFY2018: US$0.66 million), of which US$0.8 million was the deemed interest expenses on interest-free loans due to the former immediate and ultimate holding company under provided in 1HFY2018.

## (B) Liquidity and Financial Resources

*Cash and Cash Equivalents*

Total cash and cash equivalents of the Group were US$1.1 million as at 31 October 2018, a reduction of US$0.2 million, compared to US$1.3 million as at 30 April 2018.

*Cash Flows*

(a) Cash used in operating activities

Net cash of US$1.4 million has been used in operating activities, including a net increase of US$1.4 million in working capital, mainly on the increase in inventory.

Inventories as at 31 October 2018 was US$3.1 million (30 April 2018: US$0.7 million), increased by approximately US$2.4 million which was in line with the sales trend of the Group as the Group has recorded revenue since June 2018.

Trade and other receivables was US$6.2 million (30 April 2018: US$8.0 million), decreased by US$1.8 million as result of the decrease of value-added tax by US$3.9 million since the production resumption in May 2018.

Trade and other payables was US$20.5 million (30 April 2018: US$16.3 million), increased by US$4.1 million. The increase was mainly contributed by additional advances of US$3.0 million from a director and related parties to fund the Group's operating expenses.

(b) Cash used in investing and financing activities

In 1HFY2019, the Group used US$1.0 million cash in investing PPE. Additional cash advances of US$2.0 million was obtained from a director to support the operations of the Group. Total equity attributable to the equity holders of the Company was at a deficit of US$22 million as the group has been relying on the financial support from the Golden Star Group Limited and Mr. Zhu Jun, the ultimate controlling party of the Group.

## (B) Liquidity and Financial Resources (Cont'd)

*Borrowings*

Total borrowings as at 31 October 2018 amounted to US$52.6 million (30 April 2018: US$52.0 million), of which US$34.1 million (30 April 2018: US$33.3 million) attributable to the loans from former immediate and ultimate holding company. Total liabilities as at 31 October 2018 was US$73.2 million (30 April 2018: US$68.4 million) of which US$16.5 million (30 April 2018: US$13.2 million) attributable to the support from the Golden Star Group Limited, Mr. Zhu Jun, the ultimate controlling party of the Group and related parties.

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

In 1HFY2018, the Group had not used any derivative instruments to hedge against foreign currency exposure in operation as the Board considered this exposure to be insignificant with the limited trade receivables and payables.

The Group closely monitors the movement of foreign exchange rates and constantly seeks to obtain favorable exchange rates for currencies exchange (if necessary) in paying local operating expenses.

## (C) Capital Expenditure and Contingent Liabilities

In 1HFY2018, capital expenditure of the Group was US$1.0 million (1HFY2017: US$0.5 million).

As at 31 October 2018 and 30 April 2018, the Group had no material capital commitment or contingent liability.

## BUSINESS REVIEW AND OUTLOOK

### Business review

The Group has engaged in the Tinplate Manufacturing business since 2012. Located in Jiangsu, the Tinplate Manufacturing segment with its Taizhou plant ("**Taizhou Plant**") principally engages in manufacturing, sales and distribution of tinplate products. With a strong team of competent and experienced personnel, coupled with a progressive 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 factory in Taizhou in May 2018 and generated US$5.6 million revenue for the six months ended 31 October 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 revitalization, 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 Xinghua 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 disadvantages 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 the Company's executive Chairman, Mr. Zhu Jun, the Company considers its Tinplate Manufacturing business having enormous growth potential and becoming the key revenue driver for the Group.

## BUSINESS REVIEW AND OUTLOOK (CONT'D)

### Outlook (Cont'd)

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.

## EMPLOYEES AND REMUNERATION POLICIES

The Group had employed 177 employees in Hong Kong and the PRC as at 31 October 2018. Employee costs, excluding directors' emoluments, were approximately US$1.1 million for the 1HFY2019 (1HFY2018: US$1.37 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 staff based on their performance and contribution to the Group.

The Group operates a defined contribution mandatory provident fund retirement benefits scheme for its employees in Hong Kong. The Group did not experience any significant labour disputes that led to any disruption of its normal business operations.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during 1HFY2019.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which the Group considers as critical in safeguarding the integrity of its business operations and maintaining investors' trust in the Company.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE (CONT'D)

Saved as disclosed below, the Company has complied with all the applicable Code Provisions ("**CP**") in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("**HKCGCode**") throughout the six months ended 31 October 2018:

- Certain functions of CEO have been undertaken by Mr. Zhu Jun, the Executive Chairman, since the removal of the CEO. The Company has deviated from the CP A.2.1 of the HK CG Code since 19 January 2018. The Company is identifying a suitable candidate as the new CEO and will provide updates, as appropriate.

- The Company has recompiled CP C.1.2 commencing September 2018 by providing members of the Board with monthly update.

- Pursuant to CP A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. ZHU Zun, the executive Chairman together with all the three independent executive directors namely Messrs. TANG Chi Loong, William Robert MAJCHER and FOO Teck Leong attended the annual general meeting which was held on 14 September 2018. Dr. OUYANG Qian, the non-executive Director and Ms. WANG Jianqiao, the executive Director have tendered their apologies of absence due to prior business engagement.

- During the period from 14 January 2019 to 28 February 2019, there was no appointment of a company secretary who is in possession of the requisite qualifications for a company secretary under Rules 3.28 and 8.17 of the Listing Rules.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has established written guidelines on terms no less exacting than the requirements under the Main Board rules of the listing manual of the SGX and the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all the Directors have confirmed that they complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions during the six months ended 31 October 2018.

## REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial statements has not been reviewed by the Company's independent auditor.

The audit committee of the Company has reviewed the Group's unaudited consolidated interim results for the six months ended 31 October 2018, including the accounting principles and practices adopted by the Group, and has discussed and reviewed the financial reporting matters.

## PUBLICATION OF THE RESULTS ANNOUNCEMENT

This condensed consolidated interim financial information was approved by the Board for issue on 16 May 2019. All the interim financial and other related information of the Group required by the Listing Rules has been published on the websites of the Company (www.yorkshinegroup.com), the **SEHK** (www.hkexnews.hk) and SGX (www.sgx.com).

## INTERIM REPORT

The interim report of the Company for the six months ended 31 October 2018 will be despatched to the shareholders of the Company and available on the respective websites of the SEHK, SGX and the Company in due course.

## SUSPENSION OF TRADING

Trading in the shares of the Company on SEHK and the SGX has been suspended since 1 August 2017 and will remain suspended until further notice. As announced on 2 May 2019, the Company has appointed a corporation licensed for Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as the financial adviser ("**FA**") of the Company. The FA will, among others, advise on the structure and terms in relation to the resumption proposal for the resumption of the trading in the shares of the Company on SEHK. The Company has dedicated effort to resume the listing status on the SEHK and SGX.

On behalf of the Board
**YORKSHINE HOLDINGS LIMITED**
**Zhu Jun**
*Executive Chairman and Executive Director*

Hong Kong, 16 May 2019

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

**APPENDIX I**
**Qualified Opinion**
**by Independent Auditor in respect of**
**Financial Statements for Financial Year Ended 30 April 2018**
**(EXTRACT)**

## Qualified Opinion

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 and 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.

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.