

NOVO GROUP LTD.

Registration No. 198902648H

Incorporated in the Republic of Singapore

REPLY TO SGX QUERY

The Board of Directors (“**Board**”) of Novo Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 6 September 2016 on the receipt of demand letter from China CITIC Bank International Limited (the “**Announcement**”).

Unless otherwise specified, all capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Announcement.

In response to queries on the Announcement raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in its email dated 7 September 2016, the Company would like to provide the following disclosures:-

SGX’s Query: It was disclosed in the Announcement that as (a) Novowell ETP is a separate legal entity from the Company, and (b) Novowell ETP does not have a material contribution to the operations of the Group, the Board believes that any potential default in payment by Novowell ETP will not have a direct material impact on the cash flow or in turn, operations of the Company. In this regard, please disclose:

- (a) Novowell ETP’s contribution toward the Group in terms of net asset value, revenue and profit before tax for the latest financial year;

The Company’s responses to Query (a) are as follows:

Novowell ETP’s contribution toward the Group in terms of net asset value, revenue and profit before tax for the financial year ended 30 April 2016 are set out on pages 119 and 120 of the Company’s annual report 2016, which was released by the Company on 30 August 2016.

- (b) What are the implications on the Group in the event that Novowell ETP defaults on the loan repayments?

The Company’s responses to Query (b) are as follows:

The Bank may issue legal proceedings against Novowell ETP and enforce the securities created in favour of the Bank. Following the release by the Bank of the Company’s corporate guarantee, apart from the assets of Novowell ETP which are pledged to the Bank as security, there are no other securities provided by the Group to the Bank.

- (c) Whether the non-payment by Novowell ETP will have any material impact on the Group’s operations and business notwithstanding the Company’s disclosure that “the Bank had executed a deed of release of guarantee dated 8 December 2015 in favor of the Company. Following the said release, the Bank Facilities are no longer secured by any corporate guarantee by the Company”

The Company's responses to Query (c) are as follows:

As the Bank Facilities are no longer secured by any corporate guarantee by the Company, the Company does not expect any material impact on the Group's operations and business from non-payment by Novowell ETP.

BY ORDER OF THE BOARD

Zhu Jun
Executive Chairman and Executive Director
9 September 2016