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NOVO GROUP LTD.
新源控股有限公司*

(Incorporated in Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048

Singapore Stock Code: MR8

**DISCLOSEABLE TRANSACTION UNDER THE LISTING RULES
MAJOR TRANSACTION UNDER THE LISTING MANUAL
DISPOSAL OF PROPERTY**

THE DISPOSAL

The Board is pleased to announce that on 28 April 2016, the Vendor, a wholly-owned subsidiary of the Company, entered into the Preliminary SPA with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the consideration of HK\$70,280,000.

The Property is located at Unit 9, 10 and 11 on the 11th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road, Central, Hong Kong with a total saleable floor area of approximately 4,535 square feet.

IMPLICATIONS UNDER THE LISTING RULES AND THE LISTING MANUAL

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and accordingly, is subject to reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As one of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Disposal constitutes a major transaction under Chapter 10 of the Listing Manual and is conditional upon approval by the Shareholders of the Company pursuant to Rule 1014(2) of the Listing Manual.

Pursuant to the Listing Manual, a circular for seeking the Shareholders' approval of the Disposal will be despatched to them in due course.

THE PRELIMINARY SPA

Date

28 April 2016 (after trading hours)

Parties

Vendor: Novo Commodities

Purchaser: Loong Full Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Property to be disposed of

The Property, being Unit 9, 10 and 11 on the 11th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road, Central, Hong Kong with a total saleable floor area of approximately 4,535 square feet.

The Property has been used as one of the offices of the Group. Prior to Completion, staff located in the Property will be relocated, and it is expected that no material relocation cost is expected to be incurred.

As at 31 January 2016, the total book value of the Property as stated in the Company's unaudited financial statement was approximately US\$5,807,560 (approximately equivalent to HK\$45,298,968).

Pursuant to the Preliminary SPA, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 10 May 2016.

Consideration

Pursuant to the Preliminary SPA, the consideration of HK\$70,280,000 shall be paid in the following manner:

- (i) HK\$7,028,000 was paid to the Vendor's Solicitor as stakeholder by the Purchaser upon signing of the Preliminary SPA as an initial deposit;
- (ii) HK\$7,028,000 shall be paid on or before 10 May 2016 as a further deposit;
- (iii) The remaining balance of HK\$56,224,000 shall be paid upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the prevailing market prices of similar properties in similar location.

MATERIAL CONDITIONS OF THE DISPOSAL

The Completion of Preliminary SPA is subject to the Vendor obtaining the necessary approvals from the Shareholders to approve the Disposal contemplated thereunder in accordance with the applicable Listing Rules and the Listing Manual.

Completion

Pursuant to the Preliminary SPA, Completion will take place on or before 23 June 2016. On Completion, the Property shall be delivered by the Vendor to the Purchaser in vacant possession and on “as is” basis.

POSSIBLE GAIN ON THE DISPOSAL

Based on the unaudited net book value of the Property of approximately US\$4,921,405 (approximately equivalent to HK\$38,386,959) as at 31 January 2016, the stamp duty, agent commission and other expenses in relation thereto, the Company expects to record an unaudited gain from the Disposal of approximately US\$3,205,128 (approximately equivalent to HK\$25,000,000) upon Completion.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the book value of the Property and the relevant expenses incurred on the date of Completion and subject to the review by the Group’s auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Board considers that the Disposal represents a good opportunity for the realisation of the Group’s investment in the Property. The proceeds from the Disposal will be used for the repayment of the CITIC Bank Facility which will improve the general financial position of the Group and allow the Group to reallocate its resources for future development.

The Board considers that the Disposal and the terms of the Preliminary SPA including the consideration are on normal commercial terms, fair and reasonable and in the interests of the Group and Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in trading and distribution, tinsplate manufacturing and metal packaging business.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and accordingly, is subject to reporting and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

IMPLICATIONS UNDER THE LISTING MANUAL

The calculations of the relative figures for nine months ended 31 January 2016 under Rule 1006 of the Listing Manual are set out below:

- (a) Net book value of the Property compared with the Group's net asset value

$$\text{US\$4,921,405/US\$6,829,308} \times 100\% = 72.06\%$$

- (b) Net loss of the Property compared with the Group's net loss

Not applicable

- (c) The Consideration compared with the Company's market capitalisation based on the total number of Shares

$$\text{US\$9,010,256/US\$110,082,668} \times 100\% = 8.18\%$$

- (d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.

Not applicable.

- (e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.

Not applicable.

As one of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Disposal constitutes a Major Transaction under Chapter 10 of the Listing Manual and is conditional upon approval by the Shareholders of the Company pursuant to Rule 1014(2) of the Listing Manual.

A circular to the shareholders to seek their approval to the Disposal will be dispatched in due course.

FINANCIAL EFFECTS

For illustrative purposes only, based on the latest unaudited consolidated financial statements of the Group for the financial period ended 31 January 2016, the financial effects of the Disposal are set out below:

	Before the Disposal	After the Disposal
Net Tangible Assets per Share (cents)	US\$0.04	US\$0.59
Earnings/(Loss) Per Share (cents)	US\$0.066	US\$0.047

INTERESTS OF DIRECTORS OR CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal and they are not required to abstain from voting on the board resolution, save for their shareholdings (if any) in the Company.

A copy of the Preliminary SPA is available for inspection during normal business hours at the Company's registered office at 24 Raffles Place # 10-05 Clifford Centre Singapore 048621 and at the principal office of the Company in Hong Kong at Rooms 1102-04, 11th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Hong Kong for three months from the date of the announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires the following expressions have the following meanings:

“Board”	the board of Directors
“Completion”	the completion of the Disposal
“Company”	Novo Group Ltd., a company incorporated in Singapore with limited liability whose Shares are listed on the Stock Exchange and the SGX-ST
“CITIC Bank Facility”	the banking facilities provided by CITIC Bank International Limited to Novo Commodities dated 4 August 2011 and as varied by supplemental facility letters dated 24 November 2011 and 2 May 2012
“Directors”	the director(s) of the Company (including executive Directors and independent non-executive Directors)
“Disposal”	the disposal of the Property pursuant and subject to the terms and conditions of the Preliminary SPA
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“Listing Manual”	the listing manual of the Mainboard of the SGX-ST
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Novo Commodities”	Novo Commodities Limited (新源商品有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Preliminary SPA”	the preliminary sales and purchase agreement dated 28 April 2016 entered into between the Vendor and the Purchaser in respect of the Disposal
“Property”	being Unit 9, 10 and 11 on the 11th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road, Central, Hong Kong with a total saleable floor area of approximately 4,535 square feet
“Purchaser”	Loong Full Limited (龍孚有限公司), a company incorporated in Hong Kong and a third party independent of the Company and its connected persons (as defined in the Listing Rules)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Novo Commodities
“Vendor’s Solicitor”	Cheung & Yip
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent.

For the purposes of this announcement, the exchange rate of US\$1.00 to HK\$7.8 and S\$1.00 to US\$0.7408 has been used, where applicable, for illustration purposes only and does not constitute any representation that any amount has been, could have been or may be exchanged at such rate or any other rates or at all on the date or dates in question or any other date.

* *The English name of the Company has been translated into Chinese in this announcement for reference only. In the event of any discrepancies between the English name of the Company and its Chinese name, the English version shall prevail.*

By order of the Board
Novo Group Ltd.
Zhu Jun
Executive Chairman

Hong Kong, 28 April 2016

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