

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

**UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2016****PART I INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

1. (a)(i) **An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Income Statement for the year ended 30 April 2016

	The Group					
	3 months period ended			Year ended		
	30 April 2016	30 April 2015	Increase/ (Decrease)	30 April 2016	30 April 2015	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	%	<i>US\$'000</i>	<i>US\$'000</i>	%
Continuing operations						
Revenue	5,584	14,367	-61.1%	101,169	225,857	-55.2%
Cost of sales	(5,095)	(20,647)	-75.3%	(99,538)	(228,831)	-56.5%
Gross profit/(loss)	489	(6,280)	107.8%	1,631	(2,974)	154.8%
Other income	1,572	(284)	635.5%	2,537	2,182	16.3%
Distribution and selling expenses	(210)	(466)	-54.9%	(1,342)	(4,018)	-66.6%
Administrative expenses	(3,044)	(2,269)	34.2%	(10,740)	(8,041)	33.6%
Other operating expenses	(2,003)	(1,572)	27.4%	(3,437)	(1,682)	104.3%
Finance costs	(1,714)	(1,224)	40%	(4,643)	(5,672)	-18.1%
Loss before tax	(4,910)	(12,095)	-59.4%	(15,994)	(20,205)	-20.8%
Income tax expenses	(6)	(67)	-91.0%	(31)	(131)	-76.3%
Loss from continuing operations	(4,916)	(12,162)	-59.6%	(16,025)	(20,336)	-21.2%
Loss from discontinued operations, net of tax	(878)	(2,409)	-63.6%	(1,853)	(4,411)	-58.0%
Loss for the period	<u>(5,794)</u>	<u>(14,571)</u>	<u>-60.2%</u>	<u>(17,878)</u>	<u>(24,747)</u>	<u>-27.8%</u>

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(Co. Reg. No. 198902648H)

Consolidated Statement of Comprehensive Income

	The Group					
	3 months period ended			Year ended		
	30 April 2016	30 April 2015	Increase/ (Decrease)	30 April 2016	30 April 2015	Increase/ (Decrease)
	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>
Loss for the period	(5,794)	(14,571)	-60.2%	(17,878)	(24,747)	-27.8%
Other comprehensive (loss)/income:						
Exchange differences on translation of the Group's overseas operations	(2,381)	(32)	7340.6%	–	208	–
Total comprehensive loss for the period	<u>(8,175)</u>	<u>(14,603)</u>	<u>-44.0%</u>	<u>(17,878)</u>	<u>(24,539)</u>	<u>-27.1%</u>
Loss for the year attributable to owners of the Company:						
– From continuing operations	(4,607)	(11,969)	-61.5%	(15,384)	(19,899)	-22.7%
– From discontinued operations	(439)	(1,205)	-63.6%	(926)	(2,205)	-58%
	<u>(5,046)</u>	<u>(13,174)</u>	<u>-61.7%</u>	<u>(16,310)</u>	<u>(22,104)</u>	<u>-26.2%</u>
Loss for the year attributable to non-controlling interests:						
– From continuing operations	(309)	(193)	60.1%	(641)	(439)	46%
– From discontinued operations	(439)	(1,204)	-63.5%	(927)	(2,204)	-57.9%
	<u>(748)</u>	<u>(1,397)</u>	<u>-46.5%</u>	<u>(1,568)</u>	<u>(2,643)</u>	<u>-40.7%</u>
Loss for the period	<u>(5,794)</u>	<u>(14,571)</u>	<u>60.2%</u>	<u>(17,878)</u>	<u>(24,747)</u>	<u>-27.8%</u>

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(Co. Reg. No. 198902648H)

1. (a)(ii) Notes to the Income Statement and Statement of Comprehensive Income

	The Group			
	3 months period ended		Year ended	
	30 April	30 April	30 April	30 April
	2016	2015	2016	2015
	<u><i>US\$'000</i></u>	<u><i>US\$'000</i></u>	<u><i>US\$'000</i></u>	<u><i>US\$'000</i></u>
Loss for the period is stated after charging/(crediting):				
Amortisation of deferred income	(40)	(77)	(265)	(308)
Amortisation of land use right	24	51	104	133
Depreciation of property, plant and equipment	(650)	1,358	2,507	3,746
Fair value losses/(gains) on derivative financial instruments	–	69	–	(11)
Government grants	–	(38)	–	(401)
Impairment of receivables	882	2,506	882	2,506
Interest expense	585	1,821	4,155	6,736
Interest income	283	(48)	(47)	(728)
Losses on disposal and written off of property, plant and equipment	5	73	(5)	99
Net foreign exchange (gains)/losses	55	(376)	1,489	(365)
Net realised (gains)/losses on derivative financial instruments	–	(238)	(11)	(139)
Written down of inventories	–	1,209	–	1,209
Written down of receivables	–	81	–	81

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1. (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**Statement of Financial Position**

	The Group		The Company	
	As at 30 April 2016 <i>US\$'000</i>	As at 30 April 2015 <i>US\$'000</i>	As at 30 April 2016 <i>US\$'000</i>	As at 30 April 2015 <i>US\$'000</i>
Non-current assets				
Property, plant and equipment	61,928	73,131	–	–
Land use rights	4,459	5,701	–	–
Goodwill	4	4	–	–
Investments in subsidiaries		–	79,463	123,429
	66,391	78,836	79,463	123,429
Current assets				
Inventories	1,326	3,920	–	–
Trade and other receivables	18,278	42,374	31,510	23
Derivative financial instruments	–	11	–	–
Pledged bank deposits	169	32,384	–	–
Cash and cash equivalents	9,602	1,074	20	41
Disposal group assets classified as held for sale	44,703	–	–	–
	74,078	79,763	31,530	64
Total assets	140,469	158,599	110,993	123,493
Non-current liabilities				
Borrowings	26,027	–	–	–
Deferred income	158	964	–	–
	26,185	964	–	–

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

	The Group		The Company	
	As at 30 April 2016 <i>US\$'000</i>	As at 30 April 2015 <i>US\$'000</i>	As at 30 April 2016 <i>US\$'000</i>	As at 30 April 2015 <i>US\$'000</i>
Current liabilities				
Trade and other payables	14,641	63,451	1,006	12,368
Deferred income	529	310	–	–
Borrowings, secured	52,926	77,266	–	–
Tax payable	(15)	76	–	–
Liabilities directly associated with disposal group classified as held for sale	44,124	–	–	–
	112,205	141,103	1,006	12,368
Total liabilities	138,390	142,067	1,006	12,368
Net assets	2,079	16,532	109,987	111,125
Equity				
Share capital	32,239	32,239	108,740	108,740
Accumulated losses	(37,162)	(22,446)	(1,354)	(216)
Foreign currency translation reserve	2,870	1,439	–	–
Statutory reserve	33	33	–	–
Other reserve	2,870	2,832	2,601	2,601
Reserve of disposal group classified as held for sale	579	–	–	–
Total equity attributable to owners of the Company	1,429	14,097	109,987	111,125
Non-controlling interests	650	2,435	–	–
Total equity	2,079	16,532	109,987	111,125

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1. (b)(ii) Aggregate amount of group's borrowings and debt securities

	The Group			
	As at 30 April 2016		As at 30 April 2015	
	Secured	Unsecured	Secured	Unsecured
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Amount repayable in one year or less	36,375	16,551	77,266	–
Amount repayable after one year	–	26,027	–	–

Details of any collateral:

The Group's borrowings for trading operations, including working capital loans and mortgage loan, are secured by way of:

- legal pledge on the Group's leasehold land and buildings;
- legal pledge on the Group's deposits and cash margin;
- pledge of assets (cargo and related proceeds) underlying the financed transactions;
- corporate cross guarantees between joint borrowers when appropriate; and
- corporate guarantees of the Company.

The Group's bank loan granted to one of the subsidiaries are secured by way of:

- legal pledge of equity interest agreement, escrow account agreement, insurance agreement and receivables agreements;
- legal pledge of leasehold land, construction in progress, plant and equipment;
- share charge on a subsidiary;
- floating mortgage; and
- corporate guarantees of the Company.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

Bank loan was repayable within 24 months from December 2014, however, this loan included repayable on demand clause.

The Group is the guarantor of the bank loan from China Citic Bank International (“the Lender”) to Novowell ETP Limited (“the Borrower”) and the loan is subject to various covenantal clauses.

As at 30 April 2016, total bank loan outstanding to the Lender amounted to US\$15,500,000, and as at 30 April 2015, the total amount outstanding (audited) was US\$22,750,000.

Due to breaches of certain covenants, the outstanding loan to the Lender is reflected as a current liability as at 30 April 2016.

During the current period, the Group obtained a waiver letter dated 25 November 2015 (“the Waiver Letter”) from the Lender. The Borrower has fulfilled all the conditions as required by the Lender on 8 December 2015, including payment of HK\$76,200,000 to the Lender.

On 8 December 2015, by virtue of the provisions contained in the Waiver Letter, the Lender waived certain breaches of the covenantal clauses under the loan agreement and the Lender has executed a deed of release of the guarantee dated 8 December 2015 in favour of the Company which was received by the Company on 16 December 2015.

As at the date of this Announcement, the Group received letters from the Lender and Bank of China Ltd., Xinghua Sub-Branch to release all outstanding corporate guarantees in relation to the respective banks as stipulated in the Escrow Agreement dated 24 September 2015 (the “Escrow Agreement”).

Pursuant to the Escrow Agreement, New Page Investments Limited, Mr. Yu Wing Keung, Dicky and Mr. Chow Kin Wa (collectively referred to as the “Vendors”), acknowledges to provide loan amount up to HK\$230,000,000 to the Company for the purpose of releasing corporate guarantee of the Company from its banks on or before 5 April 2016, as unsecured, interest free and the Vendors unconditionally and irrevocably undertake that none of them will demand for repayment for a period of 2 years after 5 October 2015. As at 30 April 2016, the Group had obtained approximately HK\$137,100,000 (approximately USD\$17,569,000) two-year interest free loan from New Page Investments Limited.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1. (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**Consolidated Statement of Cash Flows**

	The Group			
	3 months period ended		Year ended	
	30 April 2016	30 April 2015	30 April 2016	30 April 2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from operating activities				
Loss before tax	(4,910)	(14,504)	(15,994)	(24,616)
Adjustments for:				
Allowance for impairment of receivables	882	2,506	882	2,506
Amortisation of deferred income	(40)	(77)	(265)	(308)
Amortisation of land use right	24	51	104	133
Depreciation of property, plant and equipment	650	1,358	2,507	3,746
Fair value losses/(gains) on derivative financial instruments	–	69	–	(11)
Interest expense	585	1,821	4,155	6,736
Interest income	283	(48)	(47)	(728)
Reclassify to held for sale assets	4,889	–	4,889	–
Written off of receivables	–	81	–	81
Losses on disposal of property, plant and equipment	5	73	5	99
Net realised (gains)/losses on derivative financial instruments	–	(238)	(11)	(139)
Reallocation of Acc profit for prior year's loss	1,081	–	1,081	–
Written down of inventories	–	1,209	–	1,209
Non cash item for disposal asset held for sale	7,302	–	7,720	–
Operating cash flow before movements in working capital	10,751	(7,699)	5,026	(11,292)
Inventories	1,907	3,398	2,594	11,442
Trade and other receivables	18,834	27,594	20,241	(3,725)
Trade and other payables	(3,685)	(18,280)	(3,859)	(3,551)
Currency translation differences	(833)	(325)	(446)	(223)
Cash (used in)/generated from operations	26,974	4,688	23,556	(7,349)
Income tax (paid) refund, net	38	48	31	(32)
Interest income received	(283)	48	47	728
Net cash (used in)/generated from operating activities of continuing operations	26,729	4,784	23,634	(6,653)
Net cash (used in)/generated from operating activities of discontinuing operations	(36,645)	–	(36,645)	–

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(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

	The Group			
	3 months period ended		Year ended	
	30 April	30 April	30 April	30 April
	2016	2015	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	–	–	–	2
Acquisition of land use right	–	380	–	–
Purchase of property, plant and equipment	141	(7,514)	(364)	(8,515)
Net cash received/(paid) from realised derivative financial instruments	–	201	11	102
Reduction of purchase price for land use right	–	346	–	346
Net cash used in investing activities from continuing operations	141	(6,587)	(353)	(8,065)
Net cash used in investing activities from discontinuing operations	(1,845)	–	(1,845)	–
Cash flows from financing activities				
Capital injection by non-controlling interests	–	154	–	154
(Increase)/decrease in fixed deposits and cash pledged	17,555	(192)	32,215	1,658
Net proceed from short term borrowings	16,659	(9,187)	16,659	(9,187)
Drawdown of bank borrowings	(33,684)	(22,800)	–	18,445
Repayment of bank borrowings	(25,158)	33,211	(59,062)	(1,320)
Interest expense paid	(682)	(1,821)	(4,252)	(6,736)
Advance from intermediate holding Co.	(314)	–	(314)	–
Net cash generated from/(used in) financing activities of continuing operations	(25,624)	(635)	(14,754)	3,014
Net cash generated from/(used in) financing activities of discontinuing operations	44,611	–	44,611	–
Net increase/(decrease) in cash and cash equivalents of continuing operations	1,246	–	8,528	–
Net increase/(decrease) in cash and cash equivalents of discontinuing operations	6,121	(2,438)	6,121	(11,704)
Cash and cash equivalents at beginning of the period/year	16,993	3,476	18,067	12,780
Effect of currency translation on cash and cash equivalents	–	36	–	(2)
Cash and cash equivalents at end of the period/year	24,360	1,074	32,716	1,074

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1. (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Statement of Changes in Equity

Group	Share capital US\$'000	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Statutory reserve US\$'000	Other reserve US\$'000	Equity	Non-controlling interests US\$'000	Total equity US\$'000
						attributable to owners of the Company US\$'000		
Balance at 1 May 2014	32,239	(191)	1,259	33	2,680	36,020	4,897	40,917
Transfer to other reserve	-	(152)	-	-	152	-	-	-
<i>Contribution from a non-controlling interest</i>								
Capital injection by a non-controlling interest	-	-	-	-	-	-	154	154
Total comprehensive (expense)/income for the period	-	(22,104)	181	-	-	(21,922)	(2,616)	(24,538)
Balance at 30 April 2015	32,239	(22,447)	1,440	33	2,832	14,098	2,435	16,533
Balance at 1 May 2016	32,239	(22,447)	1,440	33	2,832	14,098	2,435	16,533
Total comprehensive (loss)/income for the period	-	(14,136)	1,430	-	38	(12,669)	(1,785)	(14,454)
Balance at 30 April 2016	32,239	(36,583)	2,870	33	2,870	1,429	650	2,079

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

Statement of Changes in Equity

Company	Share capital <i>US\$'000</i>	Retained Earnings/ (Accumulated losses) <i>US\$'000</i>	Other reserve <i>US\$'000</i>	Total equity <i>US\$'000</i>
Balance at 1 May 2014	108,740	594	2,601	111,935
Total comprehensive loss for the year	—	(810)	—	(810)
Balance at 30 April 2015	<u>108,740</u>	<u>(216)</u>	<u>2,601</u>	<u>111,125</u>
Balance at 1 May 2015	108,740	(216)	2,601	111,125
Total comprehensive expense for the period	—	(1,138)	—	(1,138)
Balance at 30 April 2016	<u>108,740</u>	<u>(1,353)</u>	<u>2,601</u>	<u>109,987</u>

1. (d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There was no change in the Company's share capital since the end of the previous period reported on. At 30 April 2016 and 31 January 2016, the Company's issued and fully paid-up shares were 170,804,269 ordinary shares with voting rights.

There were no outstanding convertibles as at 30 April 2016 and 30 April 2015.

There were neither treasury shares nor share option outstanding as at 30 April 2016 and 30 April 2015.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

1. **(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	The Company	
	As at 30 April 2016	As at 30 April 2015
Total number of issued shares, excluding treasury shares	170,804,269	170,804,269

There were no treasury shares as at 30 April 2016 and 30 April 2015.

1. **(d)(iv) A statement showing all sales, transfers, disposal and cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

2. **Where the figures has been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditor.

3. **Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the most recently audited financial statements for the year ended 30 April 2015, except for the adoption of new/revised Financial Reporting Standards ("FRS") and interpretations of FRS ("INT FRS") applicable to the Group for the financial period beginning on or after 1 May 2015.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Please refer to Item 4 above.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

6. Losses per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	The Group			
	3 months period ended		Year ended	
	30 April	30 April	30 April	30 April
	2016	2015	2016	2015
	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>
Loss per ordinary shares:				
From continuing and discontinued operations				
Basic and Diluted	(2.95)	(7.71)	(9.55)	(12.94)
From continuing operations				
Basic and Diluted	(2.70)	(7.01)	(9.00)	(11.65)
From discontinued operations				
Basic and Diluted	(0.26)	(0.71)	(0.54)	(1.29)
Details:				
Losses attributable to shareholders				
(Stated in US'000)	(4,607)	(11,969)	(15,384)	(19,899)
	Number of shares (stated in '000)			
	3 months period ended		Year ended 30 April	
	30 April	30 April	30 April	30 April
	2016	2015	2016	2015
Weight average number of ordinary shares	170,804	170,804	170,804	170,804

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**(a) Current financial period reported on; and****(b) Immediately preceding financial year**

	The Group		The Company	
	As at 30 April 2016	As at 30 April 2015	As at 30 April 2016	As at 30 April 2015
	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>	<i>(in US cents)</i>
Net assets value per ordinary share based on issued share capital of the issuer	1.2	9.7	64.39	65.06
Number of shares in issue as at the end of the period ('000)	170,804	170,804	170,804	170,804

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and****(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

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Review of Performance

Revenue

Revenue from continuing operations

The Group's revenue from continuing operations was approximately US\$101.2 million for the year ended 30 April 2016 ("FY2016"), representing a decrease of approximately 55.2% as compared with approximately US\$225.9 million for the year ended 30 April 2015 ("FY2015").

Revenue from international steel trade business, major business segment, accounted for approximately 97.8% or US\$99 million and 85.5% or US\$193.1 million of the Group's total revenue in FY2016 and FY2015, respectively. Revenue from tinplate manufacturing contributed approximately 2.1% or US\$2.1 million in FY2016. During the year, the Group entered into an equity transfer agreement to dispose of the tinplate processing business.

In terms of geographical contribution, North Asia market remains the Group's main market, and accounted for approximately US\$90.3 million of the Group's total revenue from its continuing operations in FY2016, compared to approximately US\$193.5 million in FY2015. North Asia market contributed approximately 89.2% and 85.7% of total revenue from its continuing operations in FY2016 and FY2015 respectively. Revenue derived from South East Asia market decreased from approximately US\$18.1 million in FY2015 to approximately US\$1.7 million in FY2016. The South East Asia market accounted for approximately 1.7% and 8.0% of Group's total revenue from its continuing operations in FY2016 and FY2015, respectively. Other regions contributed approximately US\$9.1 million revenue, representing approximately 9.0% of the Group's total revenue in FY2016.

Discontinued tinplate processing operations

On 28 April 2016, the Group has discontinued its tinplate processing business by disposing all its 50% equity interest for value of RMB9 million (approximates to US\$1.38 million) in Tianjin Shifa Novo Technology Development Limited ("Novo Tianjin").

Novo Tianjin was making loss for some time. For the period ended 28 April 2016. Novo Tianjin recorded a total turnover of approximately US\$22.9 million with a gross profit of approximately US\$0.2 million. Distribution and selling expenses, administrative expenses and other operating expenses were approximately US\$0.2 million, US\$0.6 million and US\$1.2 million respectively.

Gross Profit

The Group's gross profit for FY2016 increased to positive figure around US\$1.6 million, representing an increase of approximately 153% as compared with the group's negative gross profit approximately US\$3.0 million in FY2015. The group's gross profit margin increased from continuing operations increased from negative 1.3% in FY2015 to approximately 1.6% in FY2016. Such an increase was mainly due to the group focuses on trading of tinplate, and the suspension of manufacturing.

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(Co. Reg. No. 198902648H)

Other income

Other income remains stable approximately US\$2.5 million and US\$2.2 million in FY2016 and FY2015, respectively.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately 67.5% from approximately US\$4.4 million in FY2015 to approximately US\$1.3 million in FY2016, such a decrease was mainly due to the decrease in freight charges.

Administrative expenses

Administration expenses remains stable approximately US\$10.7 million and US\$8.0 in FY2016 and FY2015, respectively.

Finance costs

The finance costs decreased from US\$5.7 million in FY2015 to approximately US\$4.6 million in FY2016, which was primarily due to repayment of working capital loan.

Review of Financial Position

Under the challenging market conditions, the Group has adopted a conservative and prudent approach to manage its businesses, in order to improve operating efficiency, maintain a sound financial and liquidity position, the Group continuing effective cost control and rigorous inventory control policy.

Property, plant and equipment

Property, plant and equipment decreased by approximately US\$11.2 million from approximately US\$73.1 million as at 30 April 2015 to approximately US\$61.9 million as at 30 April 2016. The decrease was coming from depreciation and amortisation of property, plant and equipment and construction in progress.

Inventories

Inventories held by the Group dropped significantly by approximately US\$2.6 million from approximately US\$3.9 million as at 30 April 2015 to approximately US\$1.3 million as at 30 April 2016, mainly resulting from concentration on trading business which is with shorter stock turnover day than manufacturing business.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

Trade and other receivables

Trade and other receivables decreased from approximately US\$42.4 million as at 30 April 2015 to approximately US\$18.3 million as at 30 April 2016. Distribution of trade receivables and other receivables were approximately 9.8% (approximately US\$1.8 million) and 90.2% (approximately US\$16.5 million) of total receivables as at 30 April 2016, compared to approximately 34.9% (approximately US\$14.8 million) and 65.1% (approximately US\$27.5 million) of total receivables as at 30 April 2015. The decrease of trade and bills receivables as at 30 April 2016 was resulted from decreased in turnover.

Trade and other payables

Trade and other payables decreased from approximately US\$63.5 million as at 30 April 2015 to approximately US\$14.6 million as at 30 April 2016. Distribution of trade payables and other payables were approximately 15.1% (approximately US\$2.2 million) and 84.9% (approximately US\$12.4 million) of total payables as at 30 April 2016 compared to approximately 76.9% (approximately US\$48.8 million) and 23.1% (US\$14.7 million) of total payables as at 30 April 2015. The decrease of trade and other payables was mainly due to the decrease of trade and bills payables.

Liquidity and financial resources

The Group's borrowings increased by approximately US\$1.7 million from approximately US\$77.3 million as at 30 April 2015 to approximately US\$79.0 million as at 30 April 2016. The Group increased long term loan from New Page Investments Limited to release corporate guarantee.

An aggregate of cash and cash equivalents and pledged bank deposits decreased by approximately US\$23.7 million from approximately US\$33.5 million as at 30 April 2015 to approximately US\$9.8 million as at 30 April 2016. Such a decrease was mainly due to repayment of bank loan and release of corporate guarantee.

Total cash and bank balance represents approximately 466.7% of the Group's net assets value as at 30 April 2016 (30 April 2015: approximately 203.0%).

As at the date of this Announcement, the Group received letters from the Lender and Bank of China Ltd., Xinghua Sub-Branch to release all outstanding corporate guarantee in relation to the respective banks as stipulated in the Escrow Agreement dated 24 September 2015 (the "Escrow Agreement").

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Following the close of the mandatory unconditional cash offer by Golden Star Group Limited for all the shares in the capital of the Company on 27 November 2015 and the consequent change in ownership of the Company, the Group has officially started a new chapter.

With respect to the financial position of the Group, the management will endeavor to overcome the challenges and adopt a prudent approach in face of the current market condition.

The Group will also consider the possibility of diversification of business to ensure long term sustainable development.

Going forward, the Group will continue to put effort to improve and enhance its existing business. At the same time, the Group will actively explore and identify any investment and other business opportunities to achieve stepping up, enhancing growth potential and maximising shareholders' values.

Whilst the Group remains focused on developing its existing businesses, the Board is currently exploring as it considers that it should be beneficial for the Group to seek suitable investment opportunities in other industry sectors in connection to "one belt, one road", such as the internet technology sector and/or the financial related sector, which will provide long term sustainable benefits to the Group. No specific investment targets have been identified and no definitive agreement has been entered as at the date of this announcement.

The Company will make relevant announcement(s), as and when appropriate, concerning the development of the aforesaid businesses (if any) in accordance with the Hong Kong Listing Rules and the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

BUSINESS UPDATE

Trading Business

Trend of iron ore continue to decline this year due to oversupply while demand remains weak. The Group expects the iron ore prices will remain at low level. Given the aforesaid factor, the Group will make use of all viable procurements and marketing opportunities while utilise of different marketing platforms and operating prudently to achieve good results.

The Group expects steel export from China will continue to be profitable accompanied with growing international demands and stabilised markets. If urbanisation project continues, accompanied by a steady growing economy and a growing middle class, the demand for steel is expected to stimulate in the coming year. Global supply and demand for steel will largely follow economic growth recovery around the world.

Coal import to China will experience challenges as local coal price remained relatively low and there is as oversupply in the regional market.

Tinplate Manufacturing Project

Currently, the tinplate manufacturing project, which has suspended its operation, is undergoing restructuring of the existing credit facilities to reduce fixed cost and the Group intends to restart full operation after clearance of this.

Once restart, the aforesaid tinplate manufacturing project in Jiangsu will continue to focus on direct sales to end-users in canning sections in the export market.

Subsequent event

As at 24 June 2016, the Group has completed the proposed disposal of property, announcement dated 28 April 2016, located at Units 9, 10 and 11 on the 11 th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road Central, Hong Kong.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared or recommended, a statement to that effect

The Directors do not declare or recommend any dividend for the year ended 30 April 2016.

13. If the Group has obtained a general mandate from shareholders for interested person transaction, the aggregate value of such transactions as required under Rule 920(1)(a) (ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited. If no interested person transaction mandate has been obtained, a statement to that effect

The Company has not obtained any general mandate from shareholders pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

Yes.

15. SEGMENT INFORMATION

The Group is organised into business units based on its business segments purposes. The reportable segments are trading, tinplate manufacturing and tinplate processing. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(i) Business segments

The Group has three reportable segments detailed as follows:

Continuing operations

Trading

Trading and distribution of a comprehensive product portfolio in the areas of:

- i) Iron ore;
- ii) Coal; and
- iii) Steel products which include semi-finished steel products (such as billets and slabs used for producing deformed steel bars), finished steel products (including long products: such as deformed bars, wire rods, tube, section, angle channels; flat products: such as hot rolled coils and cold rolled coils) and others (such as galvanised steel coils and pre-painted galvanised steel coils).

Tinplate manufacturing

Manufacturing and trading of tinning line products, including tinplate, tin-free steel and scraps.

Discontinued operations

Tinplate processing

Processing, distribution and sales of tinplate products through variety types of processing (such as slitting, cutting and printing).

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

For the year ended 30 April 2016

	Continuing operations				Discontinued operations	Group total US\$'000 (Unaudited)
	Trading US\$'000 (Unaudited)	Tinplate manufacturing US\$'000 (Unaudited)	Eliminations US\$'000 (Unaudited)	Sub total US\$'000 (Unaudited)	Tinplate processing US\$'000 (Unaudited)	
Segment revenue to						
– sales to external customers	99,105	2,064	–	101,169	22,899	124,068
– intersegment sales	3,420	1,022	(4,442)	–	–	–
	<u>102,525</u>	<u>3,086</u>	<u>(4,442)</u>	<u>101,169</u>	<u>22,899</u>	<u>124,068</u>
Segment results	2,457	(1,097)	271	1,631	(1,858)	(227)
Other income	5,000	–	(2,463)	2,537	5	2,542
Other costs	(18,285)	–	2,766	(15,519)	–	(15,519)
Financial costs	(1,567)	(3,076)	–	(4,643)	–	(4,643)
Loss before tax	(7,629)	(8,939)	574	(15,994)	(1,853)	(17,847)
Income tax expenses	(10)	(21)	–	(31)	–	(31)
Net loss for the year	<u>(7,639)</u>	<u>(8,960)</u>	<u>574</u>	<u>(16,025)</u>	<u>(1,853)</u>	<u>(17,878)</u>
<i>As at 30 April 2016</i>						
Assets and liabilities						
Segment assets	176,728	115,192	(196,154)	95,766	44,703	140,469
Segment liabilities	<u>75,266</u>	<u>135,131</u>	<u>(116,130)</u>	<u>94,267</u>	<u>44,123</u>	<u>138,390</u>
Other segment information						
Capital expenditure	–	294	–	294	1,845	2,139
Depreciation and amortisation	317	2,190	–	2,507	277	2,784
Non-cash items other than depreciation and amortisation	<u>10,081</u>	<u>7,569</u>	<u>–</u>	<u>17,650</u>	<u>–</u>	<u>17,650</u>

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

For the year ended 30 April 2015

	Continuing operations				Discontinued operations	Group total US\$'000
	Trading US\$'000	Tinplate manufacturing US\$'000	Eliminations US\$'000	Sub Total US\$'000	Tinplate processing US\$'000	
Segment revenue to						
– sales to external customers	193,105	32,751	–	225,856	22,706	248,562
– intersegment sales	56,189	38,371	(94,560)	–	–	–
	249,294	71,122	(94,560)	225,856	22,706	248,562
Segment results	1,385	(5,812)	–	(4,427)	(375)	(4,802)
Other income	906	1,276	–	2,182	40	2,222
Other costs	(8,039)	(4,250)	–	(12,289)	(2,414)	(14,703)
Finance costs	(2,550)	(3,122)	–	(5,672)	(1,661)	(7,333)
Loss before taxation	(8,298)	(11,908)	–	(20,206)	(4,410)	(24,616)
Income tax expenses	(43)	(88)	–	(131)	–	(131)
Loss for the financial year	(8,341)	(11,996)	–	(20,337)	(4,410)	(24,747)
As at 30 April 2015						
Assets and liabilities						
Segment assets	185,444	113,693	(182,790)	116,347	42,251	158,598
Segment liabilities	70,459	129,200	(102,786)	96,873	45,193	142,066
Other segment information						
Capital expenditure	1	3,200	–	3,202	–	3,202
Depreciation and amortisation	367	3,095	–	3,462	418	3,880
Non-cash items other than depreciation and amortisation	1,881	129	–	2,010	1,566	3,576

NOVO GROUP LTD.
(Incorporated in Singapore)
(Co. Reg. No. 198902648H)

(ii) Geographical information

The turnover by geographical segments are based on the location of customers regardless of where the goods are produced.

The Group's operations are located in three main geographical areas. The following summary provides an analysis of the Group's sales by geographical markets and non-current assets by geographical markets, irrespective of the origin of the goods and services.

Sales revenue by geographical markets:

	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Continued operations		
North Asia (<i>Note i</i>)	90,319	193,530
South East Asia (<i>Note ii</i>)	1,686	18,105
Others (<i>Note iii</i>)	9,164	14,221
	<u>101,169</u>	<u>225,856</u>
Discontinued operations	<u>22,899</u>	<u>22,705</u>
Non-current assets by geographical markets: (<i>Note i</i>)	<u>124,068</u>	<u>248,561</u>
	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Continued operations		
North Asia (<i>Note i</i>)	66,388	73,538
South East Asia (<i>Note ii</i>)	3	3
	<u>66,391</u>	<u>73,541</u>
Discontinued operations	<u>6,218</u>	<u>5,295</u>
	<u>72,609</u>	<u>78,836</u>

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

Notes:

- (i) Included the People's Republic of China (the "PRC" or "China"), Hong Kong and Macau, where approximately 89.3% (2015: approximately 86.9%) of the Group's revenue derived from the PRC.
- (ii) Included Philippines, Singapore, Thailand, Indonesia, Vietnam and Malaysia, where approximately 1.7% (2015: approximately 3.2%) of the Group's revenue derived from Thailand.
- (iii) Included America, Australia, Ethiopia, Italy and Salvador etc.

16. A breakdown of sales

	2016	2015	%
	US\$'000	US\$'000	<i>Changes</i>
Continuing operations			
Total income reported for first half year	68,349	158,518	(56.9%)
Loss after tax for first half year	(8,356)	(10,028)	(16.7%)
Total income reported for second half year	32,820	90,044	(63.6%)
Loss after tax for second half year	(8,831)	(14,719)	(40.0%)
	2016	2015	%
	US\$'000	US\$'000	<i>Changes</i>
Discontinued operations			
Total income reported for first half year	11,948	9,584	24.67%
Loss after tax for first half year	(801)	(1,681)	(52.35%)
Total income reported for second half year	10,951	13,121	(16.54%)
Loss after tax for second half year	(1,052)	(2,729)	(61.45%)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend has been recommended or declared for the year ended 30 April 2016 and 30 April 2015.

NOVO GROUP LTD.

(Incorporated in Singapore)

(Co. Reg. No. 198902648H)

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

As at 30 April 2016, there are no appointment of any relative of any Director/Chief Executive Officer/Substantial Shareholder of the Company who are holding a managerial position in the Company or any of its principal subsidiaries.

By order of the Board

Zhu Jun

Executive Chairman and Executive Director

29 June 2016