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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 AND CONNECTED TRANSACTION**

**DISPOSAL OF 50% OF THE EQUITY INTEREST IN  
TIANJIN SHIFA NOVO TECHNOLOGY DEVELOPMENT LIMITED**

**THE EQUITY TRANSFER AGREEMENT**

On 28 April 2016 (after trading hours), the Sellers (indirect wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Sellers have agreed to sell, and the Purchaser has agreed to acquire, the Sale Interest at a total cash consideration of RMB9 million (approximately HK\$10.76 million or US\$1.38 million). The principal terms of the Equity Transfer Agreement are set out in this announcement.

As at the date of this announcement, the Sellers are interested in an aggregate of 50% of the equity interest in Novo Tianjin and Tianjin Bohai is interested in the remaining 50% of the equity interest in Novo Tianjin. Upon Completion, the Sellers will cease to hold any equity interest of Novo Tianjin, and Novo Tianjin will cease to be a subsidiary of the Company and the results of Novo Tianjin will no longer be consolidated into the consolidated financial statements of the Group.

**IMPLICATIONS UNDER THE LISTING RULES AND THE LISTING MANUAL**

As the highest of the applicable percentage ratios of the Disposal exceeds 5% but none of them exceeds 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr Song Kai, who holds 60% of the equity interest in the Purchaser, is also a director of Novo Tianjin, which is an indirect non-wholly owned subsidiary of the Company. Therefore, the Purchaser is a connected person of the Company at the subsidiary level and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. None of the Directors has a material interest in the Disposal and they are not required to abstain from voting on the board resolution in connection with the Equity Transfer Agreement. The Board has approved the Equity Transfer Agreement and the transactions contemplated under it. In addition, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Disposal is only subject to the announcement and reporting requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.92 of the Listing Rules, a company may not dispose of its existing business for a period of 24 months after a change in control (as defined in the Hong Kong Code on Takeovers and Mergers). There was a change in control of the Company on 5 October 2015 when Golden Star Group Limited acquired approximately 54.87% of the then issued share capital of the Company. For further information, please refer to the Company's announcement dated 5 October 2015.

The Company had obtained a waiver from strict compliance with Rule 14.92 of the Listing Rules from the Stock Exchange which was granted on the basis that, (i) other than acquiring two subsidiaries from Mr Zhu Jun, a Controlling Shareholder, at an aggregate consideration of HK\$23,754 as disclosed in the Company's announcement dated 30 November 2015, there had not been any injection of asset from the Controlling Shareholders; (ii) the Disposal is proposed for legitimate reasons and not to circumvent the reverse takeover requirements under the Listing Rules; (iii) the Disposal will not only have limited impact on the business of the Group, but it could also streamline the Group's structure and allow the Group to focus its resources on its trading and distribution as well as tinplate manufacturing business; and (iv) it is a good opportunity to dispose of Novo Tianjin in order to improve the financial performance of the Group in the long run and to allow the Group to have more resources on exploring other potential business opportunities.

As one or more of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

## **INTRODUCTION**

On 28 April 2016 (after trading hours), the Sellers (wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Sellers have agreed to sell, and the Purchaser has agreed to acquire, the Sale Interest at a total cash consideration of RMB9 million (approximately HK\$10.76 million or US\$1.38 million). The principal terms of the Equity Transfer Agreement are set out below.

## **THE EQUITY TRANSFER AGREEMENT**

### **Date**

28 April 2016 (after trading hours)

### **Parties**

Sellers:           (i)     Novo Development  
                     (ii)     Qiang Hua  
  
Purchaser:        Tianjin Baoyi

## Nature of the Transaction

As at the date of this announcement, the Sellers are interested in an aggregate of 50% of the equity interest in Novo Tianjin and Tianjin Bohai is interested in the remaining 50% of the equity interest in Novo Tianjin. The Sale Interest constitutes 50% of the equity interest in Novo Tianjin that the Sellers currently hold. Pursuant to the Equity Transfer Agreement, the Sellers will transfer the Sale Interest to the Purchaser and the Purchaser will pay the Consideration to the Sellers.

## Consideration

The Consideration is RMB9 million (approximately HK\$10.76 million or US\$1.38 million), which shall be paid to the Sellers in cash within 15 days from the date of the Equity Transfer Agreement.

The Consideration was determined based on normal commercial terms and after arm's length negotiations between the Purchaser and the Sellers, with reference to and/or after taking into consideration of the shareholder's equity of Novo Tianjin stated in the audited financial statements of Novo Tianjin as of 31 December 2014.

## Completion

Upon receipt of the Consideration, the Sellers shall procure the resignation of all the directors nominated by them on the board of directors of Novo Tianjin, and the Purchaser shall take all necessary steps to register and effect the transfer of the Sale Interest with the relevant PRC government authorities. Completion is expected to take place within 15 days from the date of the Equity Transfer Agreement. Upon Completion, the Sellers shall cease to enjoy any rights, or be responsible for any liability, as a shareholder of Novo Tianjin.

## INFORMATION OF NOVO TIANJIN

Novo Tianjin is an indirect non-wholly owned subsidiary of the Company established under the laws of the PRC with limited liability and is principally engaged in tinplate and tin free steel processing, including coil cutting, slitting, printing and packing, as well as food and beverage packing, canning and distribution.

The following is the financial information of Novo Tianjin as extracted from the Company's consolidated audited financial statements prepared in accordance with Singapore Financial Reporting Standards for the years ended 30 April 2014 and 2015 and its unaudited management accounts for the six months ended 31 October 2015, and its unaudited management accounts for the nine months ended 31 January 2016 respectively:

	<b>For the nine months ended 31 January 2016</b>	<b>For the six months ended 31 October 2015</b>	<b>For the years ended</b>	
			<b>30 April 2015</b>	<b>30 April 2014</b>
	<i>US\$' million (unaudited)</i>	<i>US\$' million (unaudited)</i>	<i>US\$' million (audited)</i>	<i>US\$' million (audited)</i>
Net loss before taxation	(0.97)	(0.80)	(4.40)	(2.04)
Net loss after taxation	(0.97)	(0.80)	(4.40)	(2.04)

Based on its unaudited management accounts, the net asset value of Novo Tianjin as at 31 October 2015 and 31 January 2016 was approximately US\$580,000 and US\$679,000 respectively.

## **INFORMATION OF THE PURCHASER**

The Purchaser is a limited liability company established in the PRC engaging in, among others, manufacturing and processing of metals and distribution and retail sales of metals. As at the date of this announcement, Tianjin Baoyi does not own any equity interest in Novo Tianjin.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

The Group is principally engaged in three business segments as at the date of this announcement, namely trading and distribution, tinplate manufacturing and metal packaging. Novo Tianjin is the only investment of the Group in the metal packaging business. Over the past few years, contribution from Novo Tianjin has been limited towards the Group's business. As reflected by its financials, Novo Tianjin had continuously reported net loss for the years ended 30 April 2014 and 2015 and the nine months ended 31 January 2016. This was primarily due to the loss of competitive advantage against other local tinplate processing businesses. Tianjin Bohai has requested for further substantial investment in Novo Tianjin from the Company in seeking to maintain its competitive edge by expanding the existing tinplate processing business to include tinplate printing. The Disposal will have limited impact on the business of the Group, and streamline the Group's structure and allow the Group to focus its resources on its other principal business.

The Directors believe that it is a good opportunity to dispose Novo Tianjin in order to improve the financial performance of the Group in the long run and to allow the Group to utilize its resources on exploring other potential business opportunities.

In view of the above, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. None of the Directors or Controlling Shareholders had any interest in the Disposal, save for their shareholding (if any) in the Company. There are no directors proposed to be appointed to the Company in connection with the Disposal.

The sale proceeds from the Disposal are estimated to be approximately RMB9 million (approximately HK\$10.76 million or US\$1.38 million). The Company intends to apply such sale proceeds to its general working capital.

It is estimated that the Group will record an unaudited gain (before tax) of approximately US\$1,105,000 (approximately HK\$8.62 million or RMB7.21 million) from the Disposal, which is calculated with reference to the sale proceeds from the Consideration of RMB9 million (approximately HK\$10.76 million or US\$1.38 million) and the carrying value attributable to the Company's interest in Novo Tianjin. The actual amount of gain on the Disposal will depend on the carrying value of Group's interest in Novo Tianjin upon Completion.

Based on the audited financial statements of the Company, the net tangible assets per Share for the financial year ended 30 April 2015 was US\$0.097 (approximately HK\$0.76). Assuming that the Disposal had been effected at the end of the financial year ended 30 April 2015, the assets per Share will become US\$0.103 (approximately HK\$0.803).

Based on the audited financial statements of the Company, the loss per Share for the financial year ended 30 April 2015 was US\$0.129 (approximately HK\$1.006). Assuming that the Disposal had been effected at the beginning of the financial year ended 30 April 2015, the loss per Share will become US\$0.123 (approximately HK\$0.959).

Upon Completion, the Sellers will cease to hold any equity interest of Novo Tianjin, and Novo Tianjin will cease to be a subsidiary of the Company and the results of Novo Tianjin will no longer be consolidated into the consolidated financial statements of the Group.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in three business segments as at the date of this announcement, namely trading and distribution, tinsplate manufacturing and metal packaging. Novo Tianjin is the only investment of the Group in the metal packaging business. Upon Completion, the Group will be principally engaged in trading and distribution, as well as tinsplate manufacturing business.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratios of the Disposal exceeds 5% but none of them exceeds 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr Song Kai, who holds 60% of the equity interest in the Purchaser, is also a director of Novo Tianjin, which is an indirect non-wholly owned subsidiary of the Company. Therefore, the Purchaser is a connected person of the Company at the subsidiary level and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. None of the Directors has a material interest in the Disposal and they are not required to abstain from voting on the board resolution in connection with the Equity Transfer Agreement. The Board has approved the Equity Transfer Agreement and the transactions contemplated under it. In addition, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Disposal is only subject to the announcement and reporting requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.92 of the Listing Rules, a company may not dispose of its existing business for a period of 24 months after a change in control (as defined in the Hong Kong Code on Takeovers and Mergers). There was a change in control of the Company on 5 October 2015 when Golden Star Group Limited acquired approximately 54.87% of the then issued share capital of the Company. For further information, please refer to the announcement of the Company dated 5 October 2015.

The Company had obtained a waiver from strict compliance with Rule 14.92 of the Listing Rules from the Stock Exchange which was granted on the basis that, (i) other than acquiring two subsidiaries from Mr Zhu Jun, a Controlling Shareholder, at an aggregate consideration of HK\$23,754 as disclosed in the Company's announcement dated 30 November 2015, there had not been any injection of asset from the Controlling Shareholders; (ii) the Disposal is proposed for legitimate reasons and not to circumvent the reverse takeover requirements under the Listing Rules; (iii) the Disposal will not only have limited impact on the business of the Group, but it could

also streamline the Group's structure and allow the group to focus its resources on its trading and distribution as well as tinplate manufacturing business; and (iv) it is a good opportunity to dispose of Novo Tianjin in order to improve the financial performance of the Group in the long run and to allow the Group to have more resources on exploring other potential business opportunities.

## **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 asset value of Novo Tianjin compared with the Group's net asset value

$$\text{US\$679,254/US\$6,829,308} \times 100\% = 9.95\%$$

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

$$\text{US\$973,209/US\$12,059,388} \times 100\% = 8.07\%$$

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

$$\text{US\$1,382,400/US\$44,452,906} \times 100\% = 1.26\%$$

- (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 or more of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

A copy of the Equity Transfer Agreement 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, 11<sup>th</sup> Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Hong Kong for three months from the date of the announcement.



## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Novo Group Ltd., a company incorporated in Singapore with limited liability and whose Shares are listed on the Stock Exchange and SGX-ST
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and the Listing Manual, as the case may be, and means (i) Mr Zhu Jun, who holds (directly and indirectly) approximately 74.65% of the total issued share capital of the Company as at the date of this announcement, and (ii) Golden Star Group Limited, which holds approximately 74.24% of the total issued share capital of the Company as at the date of this announcement, and each a Controlling Shareholder
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Sellers to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 28 April 2016 entered into between the Sellers and the Purchaser in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Novo Development”	Novo Development Limited (新源鋼鐵發展有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Novo Tianjin”	天津實發新源科技發展有限公司 (Tianjin Shifa Novo Technology Development Limited**), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“PRC”	The People’s Republic of China

“Purchaser”	Tianjin Baoyi
“Qiang Hua”	Qiang Hua Trading Limited (強華貿易有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	50% of the equity interest in Novo Tianjin
“Sellers”	Novo Development and Qiang Hua
“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
“Tianjin Bohai”	天津渤海輕工投資集團有限公司 (Tianjin Bohai Light Industry Investment Group Co. Ltd.**), a company incorporated in the PRC with limited liability
“Tianjin Baoyi”	天津市寶奕金屬製品有限公司 (Tianjin Baoyi Metal Manufacturing Co. Ltd.**), a company incorporated in the PRC with limited liability and a connected person of the Company
“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 RMB1.00 to HK\$1.195 and US\$1.00 to HK\$7.8 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.*

\*\* *The Chinese names of the PRC entities have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*

On behalf 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 Tang Chi Loong, Mr Foo Teck Leong and Mr William Robert Majcher.*

\* *For identification purposes only*