

NOVO GROUP LTD.

Registration No. 198902648H

Incorporated in the Republic of Singapore

ANNOUNCEMENT PURSUANT TO RULE 704(6) OF THE LISTING MANUAL IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

Rule 704(6) Material differences between the audited financial statements and the unaudited full year results announcement for the financial year ended 30 April 2016

The Board of Directors (the “**Board**”) of Novo Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the unaudited full year results announcement for the financial year ended 30 April 2016 released on 29 June 2016 (the “**Unaudited Full Year Results**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that subsequent to the release of the Unaudited Full Year Results, there were certain material differences between the audited financial statements of the Group for financial year ended 30 April 2016 and the Unaudited Full Year Results following the finalisation of the audit. Details and clarifications of the differences are set out as follows.

Statements of Financial Position as at 30 April 2016

(In US\$'000)

			<u>Group</u>	
	Note	Audited	Previously Announced	Variance
Non-current assets				
Property, plant and equipment	1	63,154	61,928	1,226
Current assets				
Inventories	2	874	1,326	(452)
Trade and other receivables	3	23,358	18,278	5,080
Property held-for-sale	4	4,889	-	4,889
Non-current assets				
Borrowings	5	41,351	26,027	15,324
Current liabilities				
Borrowings	6	47,660	52,926	(5,266)

Explanatory Notes:

Note 1: The difference is mainly due to foreign exchange translation difference.

Note 2: The difference is mainly due to adjustment made for inventory used to settle the debt.

Note 3: The difference is mainly due to two factors: 1. Approximately US\$ 5m reclassification of property held for sale to the account of “Property held-for-sale” from “Trade and other receivables”; 2. About US\$ 10m re-gross from “Trade and other receivables” and “Borrowings” in which the management has initial intention to settle on a net basis.

Note 4: Approximately US\$ 5m reclassification of property held for sale to the account of “Property held-for-sale” from “Trade and other receivables”. This is also mentioned Note 3.

Note 5: The difference is mainly due to two factors: 1. Approximately US\$ 5m reclassification of current borrowings to non-current borrowings; 2. About US\$ 10m re-gross from “Trade and other receivables” and “Borrowings” in which the management has initial intention to settle on a net basis.

Note 6: The difference is mainly because of reclassification of current borrowings to non-current borrowings. This is also mentioned Note 5.

Consolidated Income Statement for the year ended 30 April 2016

(In US\$'000)

		Audited	Group Previously Announced	Variance
	Note			
Revenue		102,221	101,169	1,052
Cost of sales		(100,510)	(99,538)	(972)
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Gross (Loss)/profit	1	1,711	1,631	80
Other income	2	1,658	2,537	(879)
Other expenses	3	(2,941)	(3,437)	496
Administrative expenses	4	(10,222)	(10,740)	518
Currency translation differences arising from consolidation, net of tax	5	3,233	0	3,233

Explanatory Notes:

Note 1: The difference is mainly due to reversal of elimination of Sales and purchase transactions.

Note 2&3&4: The difference is mainly due to elimination of intercompany other income, other expenses and administrative expenses.

Note 4: The difference is mainly due to foreign exchange translation difference.

BY ORDER OF THE BOARD

Zhu Jun
Executive Chairman and Executive Director
30 August 2016