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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

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING WITH
XING HUA MUNICIPAL GOVERNMENT, JIANGSU PROVINCE

The announcement is made by Novo Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) on a voluntary basis.

Reference is made to the Company’s circular dated 2 September 2011, its announcement dated 12 April 2012 and its interim report 2013. Unless otherwise stated, terms used in this announcement shall have the same meanings as used in the said circular, announcement and interim report.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that on 31 January 2013, Novowell ETP and 江蘇省興化市大垛鎮人民政府 (Daduo Town, Xing Hua Municipal Government, Jiangsu Province*) (“**Xing Hua Municipal Government**”) have entered into a non-legally binding memorandum of understanding (the “**MOU**”) pursuant to which, Novowell ETP may acquire or lease from Xing Hua Municipal Government for a 300-mu land parcel adjacent to the existing ETP manufacturing plant located at 江蘇省興化市 (Xing Hua Municipal, Jiangsu Province*) for future development of the existing ETP manufacturing plant.

The Directors do not expect the proposed transaction(s) contemplated under the MOU will have any adverse impact on the Group’s net assets and earnings per share for this financial year.

Specific project agreement will be signed when detailed terms and arrangements are agreed upon between Novowell ETP and Xing Hua Municipal Government. Where a legally binding project agreement is entered into in respect of the projects contemplated under the MOU, the Company will comply with the disclosure and/or shareholders’ approval requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Listing Manual of the Singapore Exchange Securities Trading Limited as and when appropriate.

The Board considers that the MOU, which is to be in line with the Group’s business strategy and expansion plan, will offer a good opportunity to the Group to broaden its business and revenue base in the future. The MOU facilitates the downstream succession of the existing ETP manufacturing plant for can-making and canning businesses and is expected to lead to long term business success of the Group. The Board also considers the possible transaction is beneficial to the Company and the shareholders as a whole.

Save for the above disclosure and their directorships in Novowell ETP, none of the Directors and controlling shareholders of the Company have any interest, direct or indirect, in the MOU.

The purpose of this announcement is to keep the shareholders and potential investors of the Company informed of the latest business development of the Group. The MOU is not intended to be legally binding between the parties in relation to the possible projects contemplated thereafter. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Novo Group Ltd.
Yu Wing Keung, Dicky
Executive Chairman

31 January 2013

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Yu Wing Keung, Dicky, Mr. Chow Kin Wa, Mr. Chow Kin San and three independent non-executive Directors, being Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. Tse To Chung, Lawrence.

* *For identification purpose only*