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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:
FORMATION OF A JOINT VENTURE COMPANY**

On 9 May 2013, Novo Lamination and the JV Partner entered into the JVA to establish the JV Company for, among other things, the manufacturing, sales and distribution of laminated tinplate products, laminated aluminum sheets and related products for food and beverage packaging industry in the PRC. The registered capital of the JV Company shall be RMB25,000,000, which shall be contributed as to 90.1% (i.e. RMB22,525,000) by Novo Lamination and as to 9.9% (i.e. RMB2,475,000) by the JV Partner.

Based on the Group's initial capital commitment in the JV Company, the formation of the JV Company shall constitute a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

FORMATION OF A JV COMPANY

On 9 May 2013, Novo Lamination and the JV Partner entered into the JVA to establish the JV Company for among other things, the manufacturing, sales and distribution of laminated tinplate products, laminated aluminum sheets and related products for food and beverage packaging industry in the PRC. The principal terms of the JVA are set out as below:-

Date

9 May 2013

Parties

- (1) Novo Lamination Limited, an indirect wholly-owned subsidiary of the Company, as one of the joint venture partners
- (2) 覆膜工業株式會社 (Laminate Industry Co., Ltd.*), a company established in Japan, as one of the joint venture partners

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Business scope

The business scope of the JV Company includes, among other things, the manufacturing, sales and distribution of laminated tinplate products, laminated aluminum sheets and related products for food and beverage packaging industry in the PRC.

Capital structure

The total investment of the JV Company shall be RMB50,000,000. The registered capital of the JV Company shall be RMB25,000,000, which shall be contributed as to 90.1% (i.e. RMB22,525,000) by Novo Lamination and as to 9.9% (i.e. RMB2,475,000) by the JV Partner. A first right of refusal is provided should any one of Novo Lamination or the JV Partner wishes to dispose of its equity interest in the JV Company to any third party(ies) in accordance with the terms of the JVA. The difference between the total investment and the registered capital of the JV Company may be financed by internal resources and/or bank borrowing.

Consideration

15% of the registered capital shall be paid within 90 days from the date of formation of the JV Company and the remaining 85% shall be paid within two years from the date of formation of the JV Company.

Board Composition

The board of directors of the JV Company will have 5 members, in which each of the Group and the JV Partner can nominate 4 and 1 director(s) in the board of directors of the JV Company respectively. The legal representative and chairman of the board of directors of the JV Company will be nominated by the Group. As the Group has control over the board of directors and 90.1% of the equity interest of the JV Company, the JV Company shall account for as a subsidiary of the Company.

Proposed Arrangements of the JV Company under the JVA

Pursuant to the JVA, the below arrangements (the “Proposed Arrangements”) are expected to be entered into between the JV Company and the JV Partner, subject to mutual consent, after incorporating the JV Company for the manufacturing and operation needs of the JV Company in respect of its proposed food and beverage packaging business in the PRC:

- the JV Company may acquire from the JV Partner certain fixed assets (including primary and ancillary: equipment, supporting facilities, utilities and buildings); and
- the JV Partner may grant to the JV Company exclusive rights to use of its (1) lamination formula, (2) laminated tinplate processing technology and (3) laminated tinplate application method(s) in the PRC within a specified period, which are renewable subject to the terms of the JVA (if applicable) .

The Board wishes to emphasise that the Proposed Arrangements are subject to the signing of the formal agreement(s) and the terms of the Proposed Arrangements are subject to further negotiation between the JV Company and the JV Partner. As at the date of this announcement, no legally binding agreement(s) in relation to the Proposed Arrangements have been entered into. As such, the Proposed Arrangements may or may not proceed as expected. The Proposed Arrangements, if materialised, may constitute notifiable transaction(s) of the Company pursuant to the Listing Rules. Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Proposed Arrangements will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

REASONS FOR AND BENEFIT OF THE FORMATION OF THE JV COMPANY

Food metal packagings are normally coated inside for food preservation purpose. With the rising awareness of food safety, such coatings for food cans are become one of the concerned issues for can-making and canning industries. The internal (food contact) coating for metal packaging, can be done by film lamination, which is considered cost efficient, environmental friendly and being one of a high level of hygiene, safety and quality during the food preservation process.

The Group has constantly looking for opportunities to expand and venture into the high growth potential metal packaging industry. The JV Company will focus on the manufacturing, sales and distribution of laminated tinplate products, laminated aluminum sheets and related products for food and beverage packaging industry in the PRC. The Group believes that the JV Company may strengthen the Group's product profile, lead to long term business success and increase of the Group's competitive advantages in food and beverage packaging industry. In addition, it is a good investment opportunity for the Group to reach new market segment with anticipated growth that beneficial to the Group's future development.

The laminating process requires a strictly controlled manufacturing process to achieve strong adhesion between the polymeric film and the steel sheets. The JV partner is one of the corporations in Japan that possesses high-tech laminated steel technology in the market. The Group believes that the collaboration with the JV Partner may allow the Group to quickly gain access to new lamination technology, which is in line with the Group's strategic development in food and beverage packaging industry in the PRC. The JV Company also represents the continuation of downstream growth strategy to penetrate into high value-added electrolytic tinplates products and metal packaging business.

The Directors, including the independent non-executive Directors, consider that the formation of the JV Company is on normal commercial terms and the terms of the JVA are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP, NOVO LAMINATION AND THE JV PARTNER

The Group is principally engaging in (1) trading and distribution of iron ore, coal and steel products; and (2) manufacturing, sales and distribution of electrolytic tinplates and related products for metal packaging industry in the PRC. The Group has been continuously expanding its businesses into value-added downstream segments, including but not limited to the growing and high potential food and beverage packaging and canning market.

Novo Lamination is a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

The JV Partner, an independent third party, being a company established in Japan, to engage in, among other things, the developing of high quality and highly functional laminated tinplate products, laminated aluminum sheets, equipment and related products and developing of high-end lamination technology.

LISTING RULES IMPLICATIONS

Based on the Group's initial capital commitment in the JV Company, the formation of the JV Company shall constitute a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Further announcement in respect of the Proposed Arrangements will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Novo Group Ltd., a company incorporated in Singapore, whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (Singapore Stock Code: MR8) and the Main Board of the Stock Exchange (Hong Kong Stock Code: 1048)
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“JVA”	a legally binding joint venture agreement entered into between Novo Lamination and the JV Partner on 9 May 2013
“JV Company”	the joint venture company to be formed in the PRC under the JVA for, among other things, the manufacturing, sales and distribution of laminated tinplate products, laminated aluminum sheets and related products for food and beverage packaging industry in the PRC
“JV Partner”	覆膜工業株式會社 (Laminate Industry Co., Ltd.*), a company established in Japan, as one of the joint venture partners
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Novo Lamination”	Novo Lamination Limited (新源覆膜有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, as one of the joint venture partners
“PRC”	The People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“RMB”	Renminbi
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 9 May 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*