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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**

### **CLARIFICATION ANNOUNCEMENT IN RELATION TO THE UNAUDITED FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2016**

Reference is made to the announcement of NOVO GROUP LTD. (the “Company”) dated 29 June 2016 (the “Results Announcement”) and the Overseas Regulatory Announcement dated 29 June 2016 in relation to the unaudited final results (the “Unaudited Final Results”) of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 April 2016. Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Results Announcement.

The Board wishes to clarify that the annual audit of the Group is still ongoing. The Company is working closely with the Company’s auditor for the completion of the audit and resolving the following matters which were the same matters raised by the auditor in the basis for Disclaimer of the Opinion for the financial statements for the financial year ended 30 April 2015:

#### **(A) Going concern**

The following factors indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as going concern:

- (i) The Group incurred net loss for FY2016. The Group’s current liabilities exceeded the current assets as at 30 April 2016.
- (ii) Novowell ETP Limited (“NWETP”) has suspended its operations since the beginning of 2015 and yet to resume its operations as of today.

\* *For identification purpose only*

(B) Potential impairment of property, plant and equipment (“PPE”)

NWETP suspended its operations since the beginning of 2015 and has yet to resume its operations as of today. In addition, NWETP suffered net loss for the financial year ended 30 April 2016 and as of 30 April 2016, NWETP is in net liabilities position. This indicates potential impairment of the PPE of NWETP.

(C) Investment in subsidiaries and amounts due from subsidiaries

The Company’s auditor also noted that there were material uncertainties about the recoverable amounts of the Company’s investments in subsidiaries and amounts due from subsidiaries amounted as at 30 April 2016.

The Company is taking the necessary steps to satisfy its auditor that these possible qualifications are not applicable. Therefore, all or any of these possible qualifications may or may not be included in the audit report 2016.

The annual audit of the Group has not yet been completed and consequently no assurance has been expressed by the Company’s auditor. Save for the information disclosed above, all the details contained in the Results Announcement remain unchanged. The Company expects to release the annual report 2016 on or before 3 August 2016.

By order of the Board  
**NOVO GROUP LTD.**

**Zhu Jun**

*Executive Chairman and Executive Director*

Hong Kong, 4 July 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. Foo Teck Leong, Mr. Tang Chi Loong and Mr. William Robert Majcher.*