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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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



富強證券有限公司
FORTUNE (HK) SECURITIES LIMITED
(中國富強金融集團有限公司成員)
(Member of China Fortune Financial Group Limited)

After trading hours on 5 July 2016, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best endeavour basis, Placees to subscribe for up to 34,160,000 Placing Shares at the Placing Price of HK\$2.32 per Placing Share.

The maximum number of the Placing Shares (being 34,160,000 Placing Shares) represents (i) approximately 20.00% of the existing issued shares of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued shares of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the maximum number of the Placing Shares is placed).

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$79.25 million and the net proceeds will be approximately HK\$77.66 million. It is intended that the net proceeds from the Placing will be utilised for the purpose of funding potential business expansion or development when opportunities arise. Alternatively, the Company may use the net proceeds from the Placing for general working capital purposes.

The Placing Price of HK\$2.32 (equivalent to approximately S\$0.403) per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 19.44% to the closing price of HK\$2.88 per Share as quoted on the Stock Exchange on 5 July 2016, which is the date of the Placing Agreement;

* For identification purpose only

- (ii) a discount of approximately 17.96% to the average closing price of HK\$2.828 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement; and
- (iii) a premium of approximately 6.05% over the volume weighted average market price of S\$0.38 (equivalent to approximately HK\$2.187) per Share for trades done on the SGX-ST for the full market day (being a day on which the SGX-ST is open for securities trading) on 30 June 2016, being the last full market day on which the Shares were traded on the SGX-ST before the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted by the Shareholders at the AGM held on 31 August 2015. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

1. THE PLACING AGREEMENT

1.1 Date:

5 July 2016

1.2 Issuer:

The Company

1.3 Placing Agent:

Fortune (HK) Securities Limited

The Placing Agent has conditionally agreed to procure, on a best endeavour basis, Places to subscribe for up to 34,160,000 Placing Shares. The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent on behalf of the Company pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons or any of their respective associates (as defined under the Listing Rules).

1.4 Placees:

The Placing Shares are to be placed on a best endeavour basis to not less than six Placees, who shall not be any person in the categories set out in Rule 812(1) of the Listing Manual. The Placees and their respective ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will use its reasonable endeavours to ensure that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the Listing Rules, the Companies Act (Chapter 50) of Singapore, or the Listing Manual) of the Company.

The Placing Agent will not make any offer of the Placing Shares in Singapore that requires compliance with additional regulatory requirements, including but not limited to the requirements in the Securities and Futures Act (Chapter 289 of Singapore).

1.5 Placing Price:

The Placing Price of HK\$2.32 (equivalent to approximately S\$0.403) per Placing Share represents:

- (i) a discount of approximately 19.44% to the closing price of HK\$2.88 per Share as quoted on the Stock Exchange on 5 July 2016, which is the date of the Placing Agreement;
- (ii) a discount of approximately 17.96% to the average closing price of HK\$2.828 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement; and
- (iii) a premium of approximately 6.05% over the volume weighted average market price of S\$0.38 (equivalent to approximately HK\$2.187) per Share for trades done on the SGX-ST for the full market day (being a day on which the SGX-ST is open for securities trading) on 30 June 2016, being the last full market day on which the Shares were traded on the SGX-ST before the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market prices of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$79.25 million and the net proceeds will be approximately HK\$77.66 million. On such basis, the net issue price will be approximately HK\$2.273 per Placing Share.

1.6 Placing Shares:

The maximum number of Placing Shares (being 34,160,000 Placing Shares) represents (i) approximately 20.00% of the existing issued shares of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued shares of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the maximum number of the Placing Shares is placed). As the Company was incorporated in Singapore, it does not have an authorised share capital and there is no concept of par value in respect of its issued Shares in accordance with the Singapore Companies (Amendments) Act 2005.

1.7 Ranking:

The Placing Shares, when issued and fully paid up, will rank pari passu in all respects with the other Shares in issue as at the date of allotment and issue of the Placing Shares.

1.8 Condition of the Placing:

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, all of the Placing Shares to be placed pursuant to the Placing Agreement on the Main Board of the Stock Exchange and the SGX-ST granting in-principle approval for the listing and quotation of the Placing Shares on the Mainboard of the SGX-ST on or before 4 August 2016 (“**Long Stop Date**”).

If the above condition is not satisfied on or before the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of (i) any antecedent breach of any obligation thereunder; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements).

1.9 Completion:

Completion of the Placing shall take place on any Business Day within the fifth Business Day after the fulfilment of the above condition or on such other date as the Company and the Placing Agent may agree in writing.

1.10 Force majeure:

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements.

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

2. MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued pursuant to the General Mandate granted by the Shareholders at the AGM. Under the General Mandate, the Directors are authorised, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore, Rule 806 of the Listing Manual and Rule 13.36(2) of the Listing Rules, to allot and issue up to 20% of the Company's issued share capital if not on a pro-rata basis to existing Shareholders. Pursuant to the General Mandate, the Directors are authorised to issue up to 34,160,853 Shares until the revocation, variation or expiration of the General Mandate. The Company had not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement.

The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Main Board of the Stock Exchange and to the SGX-ST for in-principle approval for the listing and quotation of the Placing Shares on the Mainboard of the SGX-ST. An announcement will be made in due course to notify Shareholders when the approvals of the Stock Exchange and the SGX-ST have been obtained.

3. REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in trading and distribution and tinplate manufacturing.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development. The Placing also represents good opportunities to broaden the Shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

As disclosed above, assuming the maximum number of the Placing Shares is placed, the net proceeds from the Placing are estimated to be approximately HK\$77.66 million. It is intended that the net proceeds from the Placing will be utilised for the purpose of funding potential business expansion or development when opportunities arise. Alternatively, the Company may use the net proceeds from the Placing for general working capital purposes.

The Board is of the opinion that after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. The Board, however, believes that the net proceeds of the Placing will enable the Group to fund potential business expansion or development when opportunities arise.

4. FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

5. EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out as below:

Shareholders	Immediately before completion of the Placing		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Golden Star Group Limited (<i>Note 1</i>)	126,803,668	74.24	126,803,668	61.87
Mr. Zhu Jun (<i>Note 1</i>)	700,000	0.41	700,000	0.34
Directors of the Group's operating subsidiary Placees (<i>Note 2</i>)	597,750	0.35	597,750	0.29
Other public Shareholders	–	–	34,160,000	16.67
	42,702,851	25.00	42,702,851	20.83
Total	<u>170,804,269</u>	<u>100.00</u>	<u>204,964,269</u>	<u>100.00</u>

Notes:

- Golden Star Group Limited is the beneficial owner of 126,803,668 Shares and is wholly owned by Mr. Zhu Jun, the executive chairman and an executive Director of the Company. Mr. Zhu Jun personally owns 700,000 Shares.
- It is a term of the Placing Agreement that none of the Placees shall become a substantial Shareholder (within the meaning of the Listing Rules, the Companies Act (Chapter 50) of Singapore, or the Listing Manual) upon completion of the Placing. Accordingly, the shareholding held by the Placees is regarded as held by the public.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders has any interests, direct or indirect (other than through their shareholdings in the Company) in the Placing.

7. DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 31 August 2015 at which the General Mandate was granted to the Directors
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Novo Group Ltd., a company incorporated in Singapore with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange and the Mainboard of the SGX-ST
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders at the AGM to authorise the Directors to allot, issue or deal with up to 34,160,853 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, not connected nor acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong) with the Company and any of its connected persons or any of their respective associates (as defined under the Listing Rules)
“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
“Placee(s)”	any individual, corporate, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing by the Placing Agent, on a best endeavour basis, of up to 34,160,000 new Shares to be allotted and issued to the Placees pursuant to the terms and conditions of the Placing Agreement

“Placing Agent”	Fortune (HK) Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 5 July 2016 in relation to the Placing under the General Mandate
“Placing Price”	HK\$2.32 per Placing Share
“Placing Shares”	a maximum of 34,160,000 new Shares to be allotted and issued pursuant to the Placing Agreement and each a “Placing Share”
“S\$”	Singapore dollars, the lawful currency of Singapore
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of the Company and each a “Share”
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, amounts denominated in S\$ have been converted to HK\$ at the rate of S\$1 = HK\$5.7555. Such exchange rate is for illustration purpose only and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such rate.

By Order of the Board
Novo Group Ltd.
Zhu Jun
Executive Chairman and Executive Director

Hong Kong, 5 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. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher.