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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 unaudited final results announcement of Novo Group Ltd. (the “**Company**”, and, together with its subsidiaries, the “**Group**”) for the year ended 30 April 2016 dated 29 June 2016 (the “**Results Announcement**”).

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company wishes to clarify that after the publication of the Results Announcement, adjustments have been made to the Statement of Financial Position, whereby:-

- (i) “Property, plant and Equipment” under “Non-current assets” at 30 April 2016, which has been stated as approximately US\$61,928,000, shall be changed to the correct figure of approximately US\$63,154,000, the difference is mainly due to foreign exchange translation difference;
- (ii) “Inventories” under “Current assets” at 30 April 2016 which has been stated as approximately US\$1,326,000 shall be changed to correct figure approximately US\$874,000, the difference is mainly due to adjustment made for inventory used to settle the debt;

\* *For identification purpose only*

- (iii) “Trade and other receivables” under “Current assets” at 30 April 2016 shall be changed from the Result Announcement approximately US\$18,278,000 to correct figure of approximately US\$23,358,000, the departure from the Results Announcement was mainly due to, a) approximately US\$5 million reclassification of property held-for-sale to the account of “Trade and other receivables”; and b) about US\$10 million re-gross from “Trade and other receivables” and “Borrowings” in which the management has initial intention to settle on a net basis;
- (iv) “Property held-for-sale” under “Current assets” at 30 April 2016, which has been stated as approximately US\$ Nil, shall be changed to the correct figure of approximately US\$5,000,000, due to the reclassification from “Trade and other receivables”. This is also mentioned in (iii);
- (v) “Borrowings” under “Non-current liabilities” at 30 April 2016, which has been stated as approximately US\$26,027,000, shall be changed to the correct figure of approximately US\$41,351,000, the difference is mainly due to two factors: a) approximately US\$ 5 million reclassification of current borrowings to non-current borrowings; and b) about US\$ 10 million re-gross from “Trade and other receivables” and “Borrowings” in which the management has initial intention to settle on a net basis;
- (vi) “Borrowings” under “Current liabilities” at 30 April 2016, which has been stated as approximately US\$52,926,000, shall be changed to the correct figure of approximately US\$47,660,000 which was due to reclassification from current borrowings to non-current borrowings. This is also mentioned in (v).

Adjustments have also been made to the Consolidated Income Statements for the year ended 30 April 2016, whereby:-

- (i) “Revenue” which is stated as approximately US\$101,169,000, shall be changed to the correct figure of approximately US\$102,221,000, “Cost of sales” stated as approximately US\$99,538,000, shall be changed to correct figure of approximately US\$100,510,000. The difference is mainly due to reversal of elimination of sales and purchase transactions;
- (ii) “Other income”, “Other expenses” and “Administrative expenses” at 30 April 2016 were stated as approximately US\$2,537,000, US\$3,437,000 and US\$10,740,000, respectively, shall be changed to the correct figures of approximately US\$1,658,000, US\$2,941,000 and US\$10,222,000 accordingly. The differences are mainly due to elimination of intercompany other income, other expenses and administrative expenses;

(iii) “Currency translation differences arising from consolidation, net of tax” at 30 April 2016, shall be re-stated from US\$Nil to the correct figure approximately US\$3,233,000, the difference is mainly due to foreign exchange translation difference.

Save as disclosed above, all other information in the Results Announcement remains unchanged. The Company apologises for any inconvenience caused by the aforesaid errors. **Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board

**Novo Group Ltd.**

**Zhu Jun**

*Executive Chairman and Executive Director*

Hong Kong, 30 August 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.*