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NOVO GROUP LTD.
新源控股有限公司*
(Company Registration No. 198902648H)
(Incorporated in Singapore with limited liability)
Hong Kong Stock Code: 1048
Singapore Stock Code: MR8

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is a reproduction of the announcement made by Novo Group Ltd. (the “**Company**”) for compliance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the attached announcement on the next page issued on the Singapore Exchange Securities Trading Limited on 29 September 2016.

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

Hong Kong, 29 September 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.

* *For identification purpose only*

NOVO GROUP LTD.

(Company Registration No. 198902648H)

(Incorporated in Singapore)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

Novo Group Ltd. (the “**Company**”, and, together with its subsidiaries, the “**Group**”) was placed on the Watch-List (the “**Watch-List**”) pursuant to Rule 1311 of the Listing Manual (the “**Listing Manual**”) of the SGX-ST on 3 September 2014.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide the following quarterly update for the period ended 31 July 2016:

Update on Financial Position

As announced on 23 August 2016, the SGX-ST had granted the Company an extension of time of 11 weeks for the Company to release its unaudited financial statements for the first quarter of the financial period ended 31 July 2016 (“**1QFY2017 Results**”) by 30 November 2016 (from the deadline of 14 September 2016), subject to the conditions imposed by the SGX-ST. The Company will release its 1QFY2017 Results in due course by 30 November 2016.

Material Development and Future Direction

The material development and future direction of the Group during the first quarter of the financial year ending 30 April 2017 (“**1QFY2017**”) and as at the date of this announcement are as follows:-

1. Placing

As announced on 1 August 2016, the Company has successfully completed the placing of an aggregate of 20,680,000 ordinary shares in the Company at HK\$2.32 per ordinary share, with aggregate net proceeds of approximately US\$6,008,000 (approximately HK\$46,860,000), which 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.

2. Application for extension of time to meet the requirements under Rule 1314 of the Listing Manual of the SGX-ST for removal from the Watch-List

As announced on 2 August 2016, the Company has submitted an application to the SGX-ST for an extension of a further twelve (12) months to the cure period to apply for its removal from the Watch-List. The Company will update shareholders of the outcome of the extension application in due course.

3. Assignment of receivables

As announced on 26 August 2016, the Company has entered into an agreement with New Page Investments Limited (“**New Page**”) pursuant to which the Company agreed to procure certain of its subsidiaries to assign to New Page and New Page has agreed to accept the relevant subsidiaries’ rights, title and benefits in and to and arising from their respective trade and other receivables as at 30 April 2016 in the aggregate amount of US\$12,600,251 (“**Proposed Assignment**”). The Proposed Assignment would in effect eliminate the Group’s inherent risk of non-recoverability associated with such amounts and enable the Group to benefit from a better capital structure and reduce its debt obligations. The receivables will be off-set and deducted from the outstanding loan owing by the Group to New Page and in turn enhance the Group’s loan-to-equity ratio. The Proposed Assignment is subject to shareholders’ approval in an extraordinary general meeting and the Company will despatch the shareholders’ circular in due course.

4. Joint venture into the business of payment gateway services

As announced on 19 September 2016, the Company’s wholly-owned subsidiary, Sunshine Star Group Limited (“**SSGL**”) has entered into a subscription agreement (the “**Subscription Agreement**”) with The Payment Cards Group Limited 交易寶有限公司 (the “**JV Partner**”) and The Payment Cards Global Limited 交易寶環球支付結算有限公司 (formerly known as Sunshine Star (HK) Limited 耀星香港有限公司) (“**TPCGL**” or the “**JV Company**”) as part of a joint venture to carry on the business of the provision of payment gateway services and investment holding. Pursuant to the Subscription Agreement, the JV Partner and SSGL shall subscribe for 13,500,000 and 16,490,000 new shares in the JV Company respectively at the subscription price of HK\$1.00 per share. Since SSGL currently holds 10,000 shares (100% of the issued share capital) in TPCGL, upon completion of the transaction, SSGL shall hold an aggregate of 16,500,000 shares (representing 55% of the total enlarged share capital of the JV Company) and the JV Partner shall own 45% of the total enlarged share capital of the JV Company.

The directors are optimistic about the outlook of the payment gateway services business and believe that there are positive opportunities for new investments, particularly in the market of the Maritime Silk Road. Therefore, the directors believe that by leveraging on the experience and expertise of the JV Partner in the payment gateway services business, the collaboration in the development of the payment gateway services business will be beneficial to the Group and will help the Group work toward achieving positive operating cash flow, leading to long term sustainable benefits.

After completion of the subscription, a shareholders’ agreement will be entered into by the parties to regulate and govern the manner in which the affairs of TPCGL are to be conducted for the purposes of the joint venture.

BY ORDER OF THE BOARD

Zhu Jun

Executive Chairman and Executive Director

29 September 2016