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NOVO GROUP LTD.

新源控股有限公司*

(To be renamed as YORKSHINE HOLDINGS LIMITED 煜新控股有限公司)

(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 15 December 2016.

By order of the Board

Novo Group Ltd.

Zhu Jun

Executive Chairman and Executive Director

Hong Kong, 15 December 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*

YORKSHINE HOLDINGS LIMITED
(Formerly known as 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:

Update on Financial Position and Major Corporate Events

Please refer to the unaudited result announcement of the Company for the period ended 31 October 2016 (“**2QFY2017**”) released on 15 December 2016 for full details.

Material Development and Future Direction

The Group’s revenue decreased by approximately 33% from approximately US\$39.53 million for the period ended 31 October 2015 (“**2QFY2016**”) to approximately US\$26.32 million in 2QFY2017.

The gross profits for the three and six month ended 31 October 2016 was arrived at US\$159,000 and US\$656,000 respectively. The gross profit margin was arrived at 0.6% and 1.35% respectively for the three and six month ended 31 October 2016. The change in the gross margin was mainly due to market fluctuation and keen competition during these two reporting periods.

Future Prospects

(i) Trading Business

The Group anticipates an improving operating environment for the year ending 30 April 2017. To maintain the competitiveness of the Group, the Group has focused on rigorous cost control and additional policies to retain dedicated management team and staff for operation.

(i) 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.

Watch-List

As stated in the Company's announcement on 31 October 2016, the SGX-ST has granted the Company an extension of a further twelve (12) months until 1 September 2017 to meet the requirements of Rule 1314(1) for removal from the Watch-List.

The Group will take active steps for its removal from Watch-List.

BY ORDER OF THE BOARD

Zhu Jun

Executive Chairman and Executive Director

15 December 2016