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**Novo Group Ltd.**  
**新源控股有限公司\***  
(Registration No. 198902648H)  
(Incorporated in Singapore with limited liability)  
**Stock Code: 1048**

**OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is a reproduction of the announcement made by Novo Group Ltd. (the “**Company**”) regarding the Press Release pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, The Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any of such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released on other markets, and please refer to the attached announcement on the next page issued on the Singapore Exchange Securities Trading Limited on 14 March 2011.

By order of the Board  
**Novo Group Ltd.**  
**Yu Wing Keung, Dicky**  
*Chairman*

Hong Kong, 14 March 2011

*As at the date of this announcement, the executive Directors are Mr. Yu Wing Keung, Dicky (Chairman), Mr. Chow Kin Wa, Mr. Chow Kin San and the independent non-executive Directors are Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. Tse To Chung, Lawrence.*

\* *for identification purpose only*



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**FOR IMMEDIATE RELEASE**

## **Novo Group revenue grows 52.8% to US\$195.2 million in 3QFY2011**

- *Group posts lower Net profit to US\$0.9 million in 3QFY2011*
- *Total Tonnage handled in 3QFY2011 grows 56% to 1.1 million tonnes*
- *Group invests into Electrolytic Tin Plate manufacturing (to be confirmed)*

***Financial Highlights for the period ended 31 January:***

<i>( US\$'m)</i>	<i>3Q2011 (3M)</i>	<i>3Q2010 (3M)</i>	<i>% Chg</i>	<i>9 months FY2011</i>	<i>9months FY2010</i>	<i>% Chg</i>
Sales	195.2	127.7	52.8	403.0	345.7	16.6
Gross profit	20.0	18.7	7.1	29.1	51.7	(43.8)
Net profit	0.9	4.7	(81.3)	3.7	10.1	(63.7)
EPS (US cents)	0.55*	3.12*	(82.3)	2.14**	6.71**	(68.1)

*\*Based on 170,804,000 and 150,891,000 weighted average ordinary shares in FY11 and FY10 respectively.*

*\*\*Based on 170,804,000 and 151,102,000 weighted average ordinary shares in FY11 and FY10 respectively.*

**SINGAPORE – 14 March 2011** – Mainboard listed **Novo Group Ltd.** (“Novo” or the “Group”) (新源控股有限公司), a global steel trading and distribution company, today announce its 3QFY2011 results for the financial period ended 31 January 2011.

The Group posted revenue of US\$195.2 million in 3QFY2011, an increase of 52.8% from revenue of US\$ 127.7 million in 3QFY2010. The boost in revenue was largely due to the increase in the quantity of raw materials handled by the Group and the increase in the selling prices of steel products during the period.

Sales of raw materials dominated the product segment of the Group as it contributed 88.7% to total revenue from 51.0% in 3QFY2010. The tonnage of iron ore handled by the Group increased by 110.6% to 975,000 tonnes compared to 3QFY2010, consequently iron ore trading generated revenue of US\$169.6 million in 3QFY2011, a hefty increase of 193.4% from 3QFY2010 revenue of US\$57.8 million. Coal trading tonnage decreased to 54,000 tonnes from 93,000 tonnes in 3QFY2010 hence contribution to revenue dropped from US\$7.4 million to US\$3.5 million in 3QFY2011.

Revenue from finished products in 3QFY2011 slightly decreased to US\$16.1 million from US\$17.1 million in 3QFY2010 contributing 8.3% to total revenue while revenue from semi-finished products slid to US\$5.9 million in 3QFY2011 from US\$42.8 million in 3QFY2010 representing a revenue contribution of 3.0% for 3QFY2011.

Total tonnage of steel products and raw materials handled by the Group increased to 1.1 million tonnes in 3QFY2011 from 0.7 million tonnes in 3QFY2010.

Gross profit for 3QFY2011 amounted to US\$20.0 million from gross profit of US\$18.7 million in 3QFY2010. The drop in the gross profit margin of raw materials for market penetration led to the Groups' gross profit margin to reduce to 10.3% in 3QFY2011 from 14.6% in 3QFY2010.

Distribution and selling expenses rose to US\$15.7 million during the period from US\$11.9 million in 3QFY2010. This is due to higher freight charges incurred in tandem with the increase in tonnage handled by the Group. Administrative expenses amounted to US\$2.0 million, a slight increase from US\$ 1.7million in 3QFY2010. The Group incurred additional operating expenses of US\$1.3 million in 3QFY2011 due to the dual listing professional fee which was offset by US\$ 0.1 million from the exchange gain incurred during the period.

Net profit of the Group for 3QFY2011 dipped to US\$0.9 million from Net profit of US\$4.7 million in 3QFY2010.

For the year-to-date comparison, Group revenue for the period of 9-months FY2011 grew by 16.6% to US\$403.0 million from US\$345.7 million in 9-months FY2010, but Group gross profit was lower in 9-months FY2011 at US\$29.1 million compared to Gross profit of US\$ 51.7 million in 9-months FY2010. Net profit also fell to US\$3.6 million in 9-months of FY2011 from US\$10.1 million during the 9-months of FY2010.

## **OUTLOOK**

Sharing his outlook for the Group and its main market the PRC, Novo Group Executive Chairman Mr. Dicky Yu says “We remain positive on Novo’s long term growth and the opportunities present in our main market the PRC.” He added that PRC demand for raw materials particularly iron ore will stabilize with expected minimum 600 million tons of steel production capacity in the PRC in 2011. But Mr. Yu cited that prices of steel products and iron ore will fluctuate due to high inflation and volatile oil and commodity prices.

Mr. Yu believes that steel demand in the PRC will remain robust especially with the planned fixed asset investment of the PRC government to improve its urban infrastructure such as housing, roads and transportation as part of the 12<sup>th</sup> Five Year-Plan. “We will leverage on the strength of our Group’s business divisions and strategically strengthen our position in our target markets.”

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### **About Novo Group Ltd. (<http://www.novogroupltd.com>)**

*Established in Hong Kong in 2005, Novo Group Ltd. is a global steel trading and distribution company that provides integrated support services throughout the steel value-chain. These services encompass demand aggregation and disaggregation, logistics, trade financing, inspection services and shipping. Novo’s stakeholders include iron ore mines, integrated steel mills and re-rolling mills, major stockists and end-users. Steel products traded by Novo include raw materials such as iron ore, scrap; semi-finished products such as billets and slab; finished products such as deformed bars, wire rods, tubes, sections, angles, channels, hot rolled coil, hot rolled plate, cold rolled coil, cold rolled sheet; as well as coated steel and special steel items. Today, Novo has successfully expanded its footprint in various sectors of the steel value chain across the world, from global trading to domestic distribution in China, Hong Kong and Macau, Shipping management with time chartering operations, steel processing in China and now integrating into Coal trading to power plants, and other end users Novo is a public-listed company on the Mainboard of the Stock Exchange of Singapore since April 2008 and listed on Mainboard of the Hong Kong Stock Exchange on 6 December 2010.*