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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**

### **ASSIGNMENT OF RECEIVABLES**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION UNDER  
THE LISTING RULES**

**(2) MAJOR TRANSACTION UNDER THE LISTING MANUAL**

**Hong Kong Independent Financial Adviser**

**TRINITY**

**Trinity Corporate Finance Limited**

#### **THE MASTER AGREEMENT**

On 26 August 2016 (after trading hours), the Company entered into the Master Agreement with 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 the Receivables in the aggregate amount of US\$12,600,521 (equivalent to approximately HK\$98,032,053), which is the book value of the Receivables based on the Group's unaudited consolidated financial statements for the financial year ended 30 April 2016, on the terms and subject to the conditions set out in the Master Agreement.

\* *for identification purposes only*

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Proposed Assignment exceed 5% but are less than 25%, the Proposed Assignment constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Besides, as at the date of this announcement, New Page is beneficially owned as to 70% by Mr. Yu Wing Keung, Dicky and as to 30% by Mr. Chow Kin Wa. Mr. Chow Kin Wa is an executive Director and Mr. Yu Wing Keung, Dicky was an executive Director in the last twelve months. Mr. Yu Wing Keung, Dicky, Mr. Chow Kin Wa and New Page are connected persons at the issuer level under Rule 14A.06 of the Listing Rules. Accordingly, the Proposed Assignment constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement and independent Shareholder's approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **LISTING MANUAL IMPLICATIONS**

The Proposed Assignment is a major transaction under Rule 1014 of the Listing Manual and is conditional upon the approval of the independent Shareholders at the Extraordinary General Meeting.

As Mr. Chow Kin Wa is an executive Director and holds 30% of the shareholdings in New Page, New Page is an "interested person" for the purposes of Chapter 9 of the Listing Manual and the Proposed Assignment is an IPT as defined under Chapter 9 of the Listing Manual.

Under Rule 906 of the Listing Manual, the approval of the independent Shareholders is required for an IPT of a value equal to, or exceeding, 5.0% of the Group's latest audited NTA. The value of the Proposed Assignment (being the amount at risk to the Company) is the book value of the Receivables of US\$12,600,521 (approximately HK\$98,032,053). The Group's latest audited NTA as at 30 April 2015 is approximately US\$10,827,476 (equivalent to approximately HK\$84,237,763). As the value of the Proposed Assignment is more than 5.0% of the Group's latest audited NTA, the approval of the independent Shareholders has to be obtained at the Extraordinary General Meeting for the Proposed Assignment.

## **GENERAL**

The Independent Board Committee, comprising Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher, being the independent non-executive Directors, has been established to advise the independent Shareholders in respect of the Proposed Assignment after taking into account the recommendations of the HK IFA and SG IFA. The Audit Committee of the Company also comprises Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher. Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher do not have any interests in the Proposed Assignment and are accordingly deemed to be independent for the purposes of the Proposed Assignment.

The Company has appointed the HK IFA, and will be appointing the SG IFA in due course, to make recommendations to Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher and the independent Shareholders in respect of the Proposed Assignment, which will be set out in the circular to be dispatched to Shareholders in due course upon clearance of the circular by the SGX-ST and the Stock Exchange.

A circular containing, amongst other things, (1) details of the Proposed Assignment, (2) the letter from the Independent Board Committee to the independent Shareholders, setting out its recommendations in connection with the Proposed Assignment, (3) the letters from the HK IFA and SG IFA containing its respective advice to Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher (as members of the Independent Board Committee and the Audit Committee of the Company) and the independent Shareholders in connection with the Proposed Assignment and (4) a notice to Shareholders convening the Extraordinary General Meeting to approve the Proposed Assignment in accordance with the requirements of the Listing Rules and the Listing Manual, will be despatched to Shareholders in due course upon clearance of the circular by the SGX-ST and the Stock Exchange.

### **1. THE MASTER AGREEMENT**

On 26 August 2016 (after trading hours), the Company entered into the Master Agreement with 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 the Receivables in the aggregate amount of US\$12,600,521 (equivalent to approximately HK\$98,032,053), which is the book value of the Receivables based on the Group's unaudited consolidated financial statements for the financial year ended 30 April 2016, on the terms and subject to the conditions set out in the Master Agreement.

**Date:** 26 August 2016 (after trading hours)

**Company:** the Company

**Assignee:** New Page

**Consideration:**

The Receivables will be off-set and deducted from the Loan on a dollar-for-dollar basis at the foreign exchange rate expressed as the amount of HK\$ per one US\$ quoted by The Hongkong and Shanghai Banking Corporation Limited as at the date of the Master Agreement. As such, the Company does not expect to record any gain or loss from the Proposed Assignment.

**Conditions Precedent:**

Closing is subject to the Company having obtained (i) the approval of its Audit Committee; (ii) the approval of the Board; (iii) independent Shareholders' approval; (iv) the opinions of the HK IFA and SG IFA that the Proposed Assignment is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and (v) the Company having complied with all applicable requirements under the Listing Rules and the Listing Manual in connection with the Proposed Assignment.

**Closing:**

Closing shall take place within 3 Business Days after the conditions have been fulfilled, at which time the Company shall procure each relevant subsidiary to execute an assignment deed with New Page to effect the Proposed Assignment.

**2. REASONS FOR AND BENEFITS OF THE PROPOSED ASSIGNMENT**

As at the date of this announcement, the Group recorded overdue Receivables in the amount of US\$12,600,521 (equivalent to approximately HK\$98,032,053). The Proposed Assignment would in effect eliminate the Group's inherent risk of non-recoverability associated with such amounts and enable the Group to save time and resources that will otherwise be utilized for recovering and collecting the Receivables. Besides, as the Receivables will be off-set and deducted from the Loan on a dollar-for-dollar basis, this would significantly reduce the outstanding Loan owing to New Page from the Group and in turn enhance the Group's loan-to-equity ratio. The Company will therefore benefit from a better capital structure and reduce its debt obligations which it would otherwise have been required to repay on maturity of the Loan.

On the basis of the above, the Directors (excluding director who had abstained from voting on the resolutions and the independent non-executive Directors whose view will be given after considering the opinion from the HK IFA and SG IFA) consider that the transactions contemplated under the Master Agreement to be in the interests of the Company and the Shareholders as a whole; on normal commercial terms or better; and that the terms of the Master Agreement to be fair and reasonable.

### **3. INFORMATION OF THE PARTIES INVOLVED**

#### **The Group**

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

#### **New Page**

New Page Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, it is beneficially owned as to 70% by Mr. Yu Wing Keung, Dicky and as to 30% by Mr. Chow Kin Wa.

### **4. LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Proposed Assignment exceed 5% but are less than 25%, the Proposed Assignment constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Besides, as at the date of this announcement, New Page is beneficially owned as to 70% by Mr. Yu Wing Keung, Dicky and as to 30% by Mr. Chow Kin Wa. Mr. Chow Kin Wa is an executive Director and Mr. Yu Wing Keung, Dicky was an executive Director in the last twelve months. Mr. Yu Wing Keung, Dicky, Mr. Chow Kin Wa and New Page are connected persons at the issuer level under Rule 14A.06 of the Listing Rules. Accordingly, the Proposed Assignment constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement and independent Shareholder's approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Mr. Chow Kin Wa, an executive Director, is deemed to have a material interest in the Proposed Assignment and had abstained from voting on the Board resolutions in respect of the Master Agreement. Apart from Mr. Chow Kin Wa, no Directors are required to abstain from voting at the Broad meeting approving the Proposed Assignment.

## **5. LISTING MANUAL IMPLICATIONS**

As Mr. Chow Kin Wa is an executive Director and holds 30% of the shareholdings in New Page, New Page is an “interested person” for the purposes of Chapter 9 of the Listing Manual and the Proposed Assignment is an IPT as defined under Chapter 9 of the Listing Manual.

Under Rule 906 of the Listing Manual, the approval of the independent Shareholders is required for an IPT of a value equal to, or exceeding, 5.0% of the Group’s latest audited NTA. The value of the Proposed Assignment (being the amount at risk to the Company) is the book value of the Receivables of US\$12,600,521 (approximately HK\$98,032,053). The Group’s latest audited NTA as at 30 April 2015 is approximately US\$10,827,476 (equivalent to approximately HK\$84,237,763). As the value of the Proposed Assignment is more than 5.0% of the Group’s latest audited NTA, the approval of the independent Shareholders has to be obtained at the Extraordinary General Meeting for the Proposed Assignment.

The aggregate value of IPTs (excluding transactions which are less than S\$100,000) entered into by the Group with New Page for the financial year ended 30 April 2016 is approximately S\$337,541, which represents approximately 2.32% of the Group’s audited NTA as at 30 April 2015. There are no IPTs (excluding transactions which are less than S\$100,000) entered into by the Group with New Page for the current financial year ending 30 April 2017.

There are no IPTs (excluding transactions which are less than S\$100,000) entered into by the Group with interested persons other than New Page for the financial year ended 30 April 2016 and the current financial year ending 30 April 2017.

## 6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The Proposed Assignment is governed by Chapter 10 of the Listing Manual. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the Company's latest announced unaudited consolidated financial statements for the financial year ended 30 April 2016 are as follows:

<b>Rule</b>	<b>Basis</b>	<b>Relative Figure</b>
1006(a)	The book value of the assets to be disposed of, compared with the Group's net asset value <sup>(1)</sup>	606%
1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	Not meaningful
1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalization <sup>(2)</sup>	17.99%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities in issue	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

*Notes:*

(1) Based on the unaudited book value of the Receivables of US\$12,600,521 (equivalent to approximately HK\$98,032,053) and the Group's unaudited net asset value of US\$2,079,000 (equivalent to approximately HK\$16,174,620).

(2) Based on the unaudited book value of the Receivables of US\$12,600,521 (equivalent to approximately HK\$98,032,053) and the Group's market capitalization of US\$70,036,068 (equivalent to approximately HK\$544,880,609) on its 191,484,269 issued Shares on 25 August 2016 (being the last market day preceding the date of the Master Agreement on which the Shares were traded on the SGX-ST).

Having regard to the above, the Proposed Assignment is a “Major Transaction” under Rule 1014 of the Listing Manual. Accordingly, the Proposed Assignment is conditional upon the approval of the independent Shareholders being obtained at the Extraordinary General Meeting.

## 7. FINANCIAL EFFECTS OF THE PROPOSED ASSIGNMENT

The financial effects of the Proposed Assignment, calculated based on the unaudited consolidated financial statements of the Group for the financial year ended 30 April 2016 (“FY2016”), are set out below and are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Assignment.

### NTL

Assuming that the Proposed Assignment had been effected at the end of FY2016, the financial effects to the NTL per Share are as follows:

	<b>Before the Proposed Assignment</b>	<b>After the Proposed Assignment</b>
NTL per Share ( <i>US cents</i> )	0.014	0.014

### LPS

Assuming that the Proposed Assignment had been effected at the beginning of FY2016, the financial effects to the LPS are as follows:

	<b>Before the Proposed Assignment</b>	<b>After the Proposed Assignment</b>
LPS per Share ( <i>US cents</i> )	12.94	12.94

## 8. PARTIAL WAIVER OF LOAN BY NEW PAGE

On 26 August 2016 (after trading hours), the Company also entered into a memorandum of deed of waiver with New Page, pursuant to which the parties recorded an agreement made on 30 April 2016 where New Page had agreed to waive an aggregate of HK\$5 million from the Loan. The waiver of HK\$5 million by New Page was due to an agreed waiver of 2.17% of the Loan by New Page, following a request made by the Group and negotiations between the parties for this purpose, which will enable the Group to enhance its financial position and reduce debt obligations accordingly.

## 9. GENERAL

Mr. Chow Kin Wa, an executive Director, and his associates are required to abstain from voting on the ordinary resolution to be proposed at the Extraordinary General Meeting in respect of the Proposed Assignment. Save for Mr. Chow Kin Wa, none of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Assignment, other than through their respective shareholdings in the Company (if any). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Assignment and no Shareholder and his associates are therefore required to abstain from voting on the relevant resolution to approve the Proposed Assignment at the Extraordinary General Meeting.

The Independent Board Committee, comprising Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher, being the independent non-executive Directors, has been established to advise the independent Shareholders in respect of the Proposed Assignment after taking into account the recommendations of the HK IFA and SG IFA. The Audit Committee of the Company also comprises Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher. Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher do not have any interests in the Proposed Assignment and are accordingly deemed to be independent for the purposes of the Proposed Assignment.

The HK IFA and SG IFA will be making recommendations to Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher and the independent Shareholders in respect of the Proposed Assignment, which will be set out in the circular to be dispatched to Shareholders in due course upon clearance of the circular by the SGX-ST and the Stock Exchange.

A circular containing, amongst other things, (1) details of the Proposed Assignment, (2) the letter from the Independent Board Committee to the independent Shareholders, setting out its recommendations in connection with the Proposed Assignment, (3) the letters from the HK IFA and SG IFA containing its respective advice to Mr. Tang Chi Loong, Mr. Foo Teck Leong, Mr. William Robert Majcher (as members of the Independent Board Committee and the Audit Committee of the Company) and the independent Shareholders in connection with the Proposed Assignment and (4) a notice to Shareholders convening the Extraordinary General Meeting to approve the Proposed Assignment in accordance with the requirements of the Listing Rules and the Listing Manual, will be despatched to Shareholders in due course upon clearance of the circular by the SGX-ST and the Stock Exchange.

## 10. SERVICE CONTRACTS OF THE DIRECTORS

There are no directors proposed to be appointed to the Company in connection with the Proposed Assignment.

## 11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 24 Raffles Place, #10-05 Clifford Centre, Singapore 048621 and at the principal office of the Company in Hong Kong at Rooms 1102-04, 11th Floor, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Hong Kong for a period of 3 months from the date of this announcement:

- (a) the Master Agreement; and
- (b) the annual report of the Company for the financial year ended 30 April 2015.

## DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“associates”	has the meaning ascribed thereto in the Listing Rules and the Listing Manual (as the case may be)
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong
“Closing”	the closing of the Proposed Assignment pursuant to the Master Agreement
“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
“connected person”	has the meaning ascribed thereto in the Listing Rules

“Directors”	director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Proposed Assignment
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK IFA”	Trinity Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the independent Shareholders in relation to the Proposed Assignment under the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, being Mr. Tang Chi Loong, Mr. Foo Teck Leong and Mr. William Robert Majcher
“IPT”	interested person transaction as defined in Chapter 9 of the Listing Manual
“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

“Loan”	loans in an aggregate amount of HK\$230 million advanced by New Page to the Group during the period from November 2015 to May 2016 which will be repayable on the second anniversary of 5 October 2015
“LPS”	loss per Share
“Master Agreement”	a master agreement entered into between the Company and New Page on 26 August 2016, 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 the Receivables
“New Page”	New Page Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 30% by Mr. Chow Kin Wa, an executive Director
“NTA”	net tangible assets
“NTL”	net tangible liabilities
“Proposed Assignment”	the transactions contemplated under the Master Agreement
“Receivables”	trade and other receivables in the aggregate amount of US\$12,600,521 (equivalent to approximately HK\$98,032,053) due to certain subsidiaries of the Group from independent third parties which are overdue as at the date of this announcement
“SG IFA”	the independent financial adviser in Singapore to be appointed by the Company, being the independent financial adviser to the Audit Committee in relation to the Proposed Assignment under the Listing Manual
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 26 August 2016

*For the purposes of illustration only, any amount denominated in US\$ in this announcement was translated into HK\$ at the rate of US\$1 = HK\$7.78 and S\$ at the rate of US\$1: S\$1.35337. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*

*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.*