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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**

**OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is a reproduction of the announcement made by Novo Group Ltd. (the “**Company**”) regarding an announcement 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 15 October 2012.

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

Hong Kong, 15 October 2012

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

\* *For identification purpose only*

**NOVO GROUP LTD.**

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**SELECTIVE CAPITAL REDUCTION OF AN ASSOCIATED COMPANY**

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The Board of Directors of Novo Group Ltd. (the “Company”, or together with its subsidiaries, the “Group”) wishes to announce that its indirect associated company, POS-SEA Pte. Ltd. (“POS-SEA”) has undertaken a selective capital reduction to cancel its 490,000 ordinary shares and will make a cash distribution of US\$490,000 to Novo Commodities PTE Ltd, a wholly-owned subsidiary of the Company (the “Transaction”).

The consideration of US\$490,000 was based on the investment cost of the Group. The Group’s carrying value of POS-SEA was US\$588,492 as at 30 September 2012.

The Transaction is in line with the Company’s strategy of streaming and divesting non-core businesses to focus on the main activities of the Group.

On completion of the Transaction, POS-SEA has ceased to be an associated company of the Company.

The Transaction is not expected to have a material impact on the consolidated net tangible assets per share and earning per share of the Company for the current financial year.

Save as the above disclosure, none of the Directors and/or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholding in the Company), in the Transaction.

**BY ORDER OF THE BOARD**

Yu Wing Keung, Dicky  
Executive Chairman  
15 October 2012