

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **NOVA Group Holdings Limited**

**諾發集團控股有限公司**

*(formerly known as Mega Expo Holdings Limited)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1360)**

### **DISCLOSEABLE TRANSACTIONS PROVISION OF FACTORING LOANS**

#### **PROVISION OF FACTORING LOANS TO CUSTOMER A**

Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreements A with Customer A, pursuant to which Shanghai Shouxin has agreed to provide recourse revolving factoring loans in a total sum of principal amounts of RMB257,740,000 (equivalent to approximately HK\$302,050,861) to Customer A.

#### **PROVISION OF FACTORING LOANS TO CUSTOMER B**

Shanghai Shouxin entered into the Factoring Agreements B with Customer B, which includes Customer B1 and Customer B2, pursuant to which Shanghai Shouxin has agreed to provide recourse revolving factoring loans in a total sum of principal amounts of RMB61,700,000 (equivalent to approximately HK\$72,307,512) to Customer B.

#### **PROVISION OF FACTORING LOANS TO CUSTOMER C**

Shanghai Shouxin entered into the Factoring Agreements C with Customer C, pursuant to which Shanghai Shouxin has agreed to provide recourse revolving factoring loans in a total sum of principal amounts of RMB46,000,000 (equivalent to approximately HK\$53,908,356) to Customer C.

## **LISTING RULES IMPLICATIONS**

Given the fact that Customer B1 was at the time of the entering into of the relevant Factoring Agreements B a wholly-owned subsidiary of Customer B2, the grant of the factoring loans by the Group to both Customer B1 and Customer B2 required aggregation under Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the entering into of the Factoring Agreements A, the Factoring Agreements B (in aggregate), the Factoring Agreements C were more than 5% but less than 25%, the provision of factoring loans under each of the Factoring Agreements A, the Factoring Agreements B and the Factoring Agreements C constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and was therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **I. FACTORING AGREEMENTS A**

Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreements A with Customer A, pursuant to which Shanghai Shouxin has agreed to provide recourse revolving factoring loans in a total sum of principal amounts of RMB257,740,000 (equivalent to approximately HK\$302,050,861) to Customer A.

All Factoring Agreements A contain similar major terms. The principal terms of the Factoring Agreements A are set out as below:

Dates	:	8 January 2019, 11 January 2019, 23 January 2019, 11 February 2019, 28 February 2019, 20 March 2019, 29 March 2019, 29 March 2019, 11 April 2019, 13 May 2019, 5 June 2019, 25 June 2019 and 15 August 2019
Parties	:	(1) Customer A  (2) Shanghai Shouxin

- Transfer of account receivables : Subject to the terms and conditions of the factoring agreements, the account receivables due from the debtor(s) of Customer A as stipulated in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreements A shall be transferred to Shanghai Shouxin.
- Interest : Interest shall be made payable by Customer A to Shanghai Shouxin on a monthly basis.
- Other expenses : Apart from the foregoing interest, Customer A shall pay Shanghai Shouxin (i) a management fee representing 1% of the amount of the transferred account receivables, and (ii) a penalty interest at the rate of 24% per annum during the grace period mentioned in Note 2 below.
- Factor ratio : The factor ratio, which represents the ratio of the maximum factoring principal amount to the account receivables being transferred, shall not exceed 80%.
- Repayment : The factoring principal amount shall be repayable upon the expiry of each of the Factoring Agreements A (together with interest and other expenses payable by Customer A) pursuant to their respective terms and conditions and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreements A.
- Repurchase : In the event, among others, that: (i) any debtor of Customer A disputes the amount of the transferred account receivables or fails to pay any outstanding debt to Shanghai Shouxin in full upon expiry of the relevant financing term; or (ii) Customer A acts in contravention of any provisions under the Factoring Agreements A, Shanghai Shouxin shall have the right to demand Customer A to unconditionally repurchase the account receivables transferred to Shanghai Shouxin and repay all the outstanding sum due to Shanghai Shouxin under the Factoring Agreements A.

The summary of the principal amount, financing term and interest rate of the arrangement under each of the Factoring Agreements A is as follows:

	<b>Signing date</b>	<b>Principal amount</b> <i>(RMB '000)</i> <i>(Note 1)</i>	<b>Financing term</b>	<b>Interest rate</b> <b>per annum</b>
(1)	8 January 2019	9,640	From 11 January 2019 to 20 March 2019	15%
(2)	11 January 2019	21,710	From 11 January 2019 to 20 April 2019	15%
(3)	23 January 2019	18,650	From 23 January 2019 to 20 May 2019	15%
(4)	11 February 2019	22,190	From 11 February 2019 to 20 June 2019	15%
(5)	28 February 2019	22,380	From 28 February 2019 to 20 July 2019	15%
(6)	20 March 2019	15,200	From 20 March 2019 to 20 August 2019	15%
(7)	29 March 2019	8,170	From 29 March 2019 to 20 August 2019	15%
(8)	29 March 2019	8,600	From 29 March 2019 to 20 August 2019	15%
(9)	11 April 2019	26,440	From 11 April 2019 to 20 September 2019 <i>(as extended to 18 October 2019) (Note 2)</i>	15%
(10)	13 May 2019	27,780	From 13 May 2019 to 20 October 2019 <i>(as extended to 18 November 2019) (Note 2)</i>	15%
(11)	5 June 2019	31,290	From 5 June 2019 to 20 November 2019 <i>(as extended to 19 December 2019) (Note 2)</i>	15%
(12)	25 June 2019	22,450	From 25 June 2019 to 20 December 2019 <i>(as extended to 16 January 2020) (Note 2)</i>	15%
(13)	15 August 2019	23,240	From 16 August 2019 to 20 January 2020 <i>(as extended to 26 February 2020)</i> <i>(Note 2) (Note 3)</i>	15%

*Notes:*

1. While the total sum of principal amounts under the Factoring Agreements A was RMB257,740,000, Customer A has repaid factoring principals from time to time so the maximum outstanding principal amount to Customer A from time to time and the maximum principal amount under the outstanding Factoring Agreements A at any point of time during the financing term were both RMB162,310,000. Every time when Customer A applied for the factoring loans before each of the Factoring Loan Agreements A, Shanghai Shouxin, in its own absolute discretion based on its credit assessment on Customer A, determined the principal amount for each of the Factoring Agreements A and has ensured that the outstanding principal amount to Customer A has never exceeded a manageable level.

2. Pursuant to the relevant Factoring Agreements A, Shanghai Shouxin is entitled to, at its own discretion, grant a grace period of not more than 31 days to Customer A for repurchasing the transferred account receivables and charge the penalty interests mentioned in the paragraph headed “Other expenses” accordingly. As such, Shanghai Shouxin granted the relevant grace periods and charged the relevant penalty interests for the relevant factoring loans.
3. On top of the grace period mentioned in Note 2, due to the recent outbreak of the Coronavirus Disease and the Shanghai Epidemic Control and Service Industry Support Policies, Shanghai Shouxin has, at the request of Customer A, agreed to grant an additional extension of time in favour of Customer A for repayment of all the outstanding amount payable under the relevant factoring agreement to 10 March 2020 and Customer A has repaid all such amount on 26 February 2020.

As at the date of this announcement, all of the amounts due and owed by Customer A under the Factoring Agreements A have been fully repaid.

## **II. FACTORING AGREEMENTS B**

Shanghai Shouxin entered into the Factoring Agreements B with each of Customer B1 and Customer B2, pursuant to which Shanghai Shouxin has agreed to provide recourse revolving factoring loans in a total sum of principal amounts of RMB61,700,000 (equivalent to approximately HK\$72,307,512) to Customer B.

The principal terms of the factoring agreements with Customer B1 are set out as below:

Dates : 11 April 2019, 13 May 2019, 3 June 2019, 25 June 2019 and 31 July 2019

Parties : (1) Customer B1  
(2) Shanghai Shouxin

The principal terms of the factoring agreements with Customer B2 are set out as below:

Dates : 18 April 2019, 18 April 2019, 13 May 2019, 5 June 2019, 25 June 2019 and 31 July 2019

Parties : (1) Customer B2  
(2) Shanghai Shouxin

All Factoring Agreements B contain similar major terms. The terms in relation to the (1) transfer of account receivables; (2) interest; (3) other expenses; (4) factor ratio; (5) repayment; and (6) repurchase are the same as the terms set out in the paragraph headed “I. FACTORING AGREEMENTS A”.

The summary of the principal amount, financing term and interest rate of the arrangement under each of the Factoring Agreements B with Customer B1 is as follows:

	<b>Signing date</b>	<b>Principal amount</b> <i>(RMB '000)</i>	<b>Financing term</b>	<b>Interest rate per annum</b>
(1)	11 April 2019	3,840	From 11 April 2019 to 20 September 2019	15%
(2)	13 May 2019	7,200	From 13 May 2019 to 20 April 2020 (as extended to 20 October 2020) <i>(Note)</i>	15% <i>(Note)</i>
(3)	3 June 2019	10,960	From 5 June 2019 to 20 May 2020 (as extended to 20 November 2020) <i>(Note)</i>	15% <i>(Note)</i>
(4)	25 June 2019	7,280	From 25 June 2019 to 20 June 2020 (as extended to 20 December 2020) <i>(Note)</i>	15% <i>(Note)</i>
(5)	31 July 2019	7,840	From 12 August 2019 to 20 July 2020 (as extended to 20 January 2021) <i>(Note)</i>	15% <i>(Note)</i>

The summary of the principal amount, financing term and interest rate of the arrangement under each of the Factoring Agreements B with Customer B2 is as follows:

	<b>Signing date</b>	<b>Principal amount</b> <i>(RMB '000)</i>	<b>Financing term</b>	<b>Interest rate per annum</b>
(6)	18 April 2019	390	From 18 April 2019 to 20 August 2019	15%
(7)	18 April 2019	390	From 18 April 2019 to 20 September 2019	15%
(8)	13 May 2019	4,410	From 13 May 2019 to 20 April 2020 (as extended to 20 October 2020) <i>(Note)</i>	15% <i>(Note)</i>
(9)	5 June 2019	3,600	From 5 June 2019 to 20 May 2020 (as extended to 20 November 2020) <i>(Note)</i>	15% <i>(Note)</i>
(10)	25 June 2019	7,820	From 25 June 2019 to 20 June 2020 (as extended to 20 December 2020) <i>(Note)</i>	15% <i>(Note)</i>
(11)	31 July 2019	7,970	From 12 August 2019 to 20 July 2020 (as extended to 20 January 2021) <i>(Note)</i>	15% <i>(Note)</i>

*Note:* Due to the recent outbreak of the Coronavirus Disease and the Shanghai Epidemic Control and Service Industry Support Policies, Shanghai Shouxin has, at the request of Customer B, agreed to (i) extend Customer B's repayment of the outstanding factoring principal amount (together with the interest accrued thereon) for a further period of 6 months with effect from February 2020, with an interest at the rate of 2.5% per annum charged during the 6-month period; and (ii) reduce the factoring interest rate to 10% per annum with effect from 21 January 2020.

As at the date of this announcement, all the amounts due and owed by Customer B under the Factoring Agreements B (1), (6) and (7) above have been fully repaid.

### III. FACTORING AGREEMENTS C

Shanghai Shouxin entered into the Factoring Agreements C with Customer C, pursuant to which Shanghai Shouxin has agreed to provide recourse revolving factoring loans in a total sum of principal amounts of RMB46,000,000 (equivalent to approximately HK\$53,908,356) to Customer C.

The principal terms of the Factoring Agreements C are set out as below:

Dates : 17 December 2019 and 24 December 2019

Parties : (1) Customer C  
(2) Shanghai Shouxin

All Factoring Agreements C contain similar major terms. The terms in relation to the (1) transfer of account receivables; (2) interest; (3) other expenses; (4) factor ratio; (5) repayment; and (6) repurchase are the same as the terms set out in the paragraph headed "I. FACTORING AGREEMENTS A".

The summary of the principal amount, financing term and interest rate of the arrangement under each of the Factoring Agreements C is as follows:

Signing date	Principal amount (RMB '000)	Financing term	Interest rate per annum
(1) 17 December 2019	34,000	From 18 December 2019 to 20 October 2020	15% (Note)
(2) 24 December 2019	12,000	From 26 December 2019 to 20 October 2020	15% (Note)

*Note:* Due to the recent outbreak of the Coronavirus Disease and the Shanghai Epidemic Control and Service Industry Support Policies, Shanghai Shouxin has, at the request of Customer C, agreed to (i) extend Customer C's repayment dates of the relevant factoring interest (initially payable on 20 February 2020) to 10 March 2020, with the subsequent repayment schedule commencing from 20 March 2020 following the initial arrangements as set out in the Factoring Agreements C; and (ii) reduce the factoring interest rate to 10% per annum with effect from 21 January 2020.

## **INFORMATION ON THE GROUP**

The principal activities of the Group are the organisation and sponsorship of exhibitions and events, operation of cultural and entertainment comprehensive services platform and financing services. In particular, Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, is principally engaged in the provision of credit factoring services.

## **INFORMATION ON CUSTOMER A, CUSTOMER B AND CUSTOMER C**

Customer A is a liquor and alcohol distributor for bars, clubs and pubs in the PRC.

Customer B is principally engaged in interior and exterior decoration, installation of plumbing and electricity, and sale of building materials and decoration materials.

Customer C is principally engaged in import and export of commodities and technologies.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Customer A, Customer B and Customer C and their respective ultimate beneficial owners, namely, (i) Sui Chunmu (隨春木), 袁閩 (Yuan Min\*) and 袁雯 (Yuan Wen\*); (ii) Chen Li; and (iii) Zhang Junhui (張俊暉), are the Independent Third Parties.

## **REASONS FOR ENTERING INTO OF THE FACTORING AGREEMENTS**

As disclosed in the annual report of the Company for the year ended 30 June 2019, the Group believes the credit factoring business is in collaboration with the contracting services and entertainment equipment advisory and solution services the Group delivers, and will help to build a comprehensive services platform to its customers and the members of 諾笛聯盟(NOD Union\*).



The Directors consider that the Factoring Agreements entered into in the ordinary and usual course of business of the Group on normal commercial terms would generate revenue and cash flow from the factoring interest income and that the terms of the Factoring Agreements, which were arrived at after arm's length negotiations between the Group and each of Customer A, Customer B and Customer C, were fair and reasonable and were in the interests of the Group and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

Given the fact that Customer B1 was at the time of the entering into of the relevant Factoring Agreements B, a wholly-owned subsidiary of Customer B2, the grant of the factoring loans by Group to both Customer B1 and Customer B2 required aggregation under Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the entering into of the Factoring Agreements A, the Factoring Agreements B (in aggregate), the Factoring Agreements C were more than 5% but less than 25%, the provision of factoring loans under each of the Factoring Agreements A, the Factoring Agreements B and the Factoring Agreements C constituted a discloseable transaction for the Company under the Listing Rules and was therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Company regrets its delay in compliance with Chapter 14 of the Listing Rules which, the Company would like to stress that, was inadvertent and unintentional. Such delay was resulted from the mistaken belief that the factoring loan arrangements did not constitute "financial assistance", and were not subject to the reporting and announcement requirements, under Chapter 14 of the Listing Rules since Shanghai Shouxin holds the license for carrying out the factoring business in the PRC on one hand and the Factoring Agreements were entered into in the Group's ordinary and usual course of business on the other hand.

To prevent reoccurrence of similar incidents in the future, the Group has adopted the following remedial measures:

- (a) the Company has endeavoured to strengthen the coordination and reporting arrangements for notifiable transactions among the senior management of the Group to ensure compliance with the Listing Rules;

- (b) the Company has endeavoured to improve its communication with other members of the Group to emphasise the importance of ensuring the Group’s compliance with the Listing Rules; and
- (c) if the Group intends to make any factoring service arrangements in the future, it will, as and when appropriate and necessary, seek advice from legal or other professional advisers on whether this will trigger any disclosure or compliance requirements under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following respective meanings unless the context requires otherwise.

“Board”	the board of Directors
“Company”	NOVA Group Holdings Limited (諾發集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Coronavirus Disease”	the disease named “COVID-19” by the World Health Organization, which is a respiratory disease caused by a novel coronavirus
“Customer A”	諾萊仕(上海)企業發展有限公司 (Noahs (Shanghai) Enterprise Development Co., Ltd*), a company established in the PRC with limited liability
“Customer B”	Customer B1 and Customer B2

“Customer B1”	上海營通建築裝潢有限公司 (Shanghai Yingtong Architect Decoration Co., Ltd*), a wholly-owned subsidiary of Customer B2 and a company established in the PRC with limited liability
“Customer B2”	圖芙 (上海) 建設發展有限責任公司 (Tufu (Shanghai) Construction Development Co., Ltd*), a company established in the PRC with limited liability
“Customer C”	上海百潤企業發展有限公司 (Shanghai Bairun Enterprise Development Co., Ltd*), a company established in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Factoring Agreements”	collectively, the Factoring Agreements A, the Factoring Agreements B and the Factoring Agreements C
“Factoring Agreement(s) A”	13 recourse revolving factoring agreements, together with its underlying transaction documents, which include, among others, account receivables transfer registration agreement and account receivables repurchase agreement, respectively dated 8 January 2019, 11 January 2019, 23 January 2019, 11 February 2019, 28 February 2019, 20 March 2019, 29 March 2019, 29 March 2019, 11 April 2019, 13 May 2019, 5 June 2019, 25 June 2019 and 15 August 2019, all entered into between Customer A and Shanghai Shouxin, as secured by the guarantee contracts entered into between Shanghai Shouxin on one part of creditor and Sui Chunmu (隨春木) on the other part of guarantor to ensure performance of the factoring agreements concerned on each of the foregoing dates, containing similar major terms of the factoring loan arrangements between the parties

“Factoring  
Agreement(s) B”

(i) 5 recourse revolving factoring agreements together with its underlying transaction documents, which include, among others, account receivables transfer registration agreement and account receivables repurchase agreement, respectively dated 11 April 2019, 13 May 2019, 3 June 2019, 25 June 2019 and 31 July 2019, all entered into between Customer B1 and Shanghai Shouxin, and (ii) 6 recourse revolving factoring agreements together with its underlying transaction documents, which include, among others, account receivables transfer registration agreement and account receivables repurchase agreement, respectively dated 18 April 2019, 18 April 2019, 13 May 2019, 5 June 2019, 25 June 2019 and 31 July 2019, all entered into between Customer B2 and Shanghai Shouxin, as secured by the guarantee contracts entered into between Shanghai Shouxin on one part of creditor and 陳小偉 (Chen Xiaowei\*) on the other part of guarantor to ensure performance of the factoring agreements concerned on each of the foregoing dates, containing similar major terms of the factoring loan arrangements between the parties

“Factoring  
Agreement(s) C”

2 recourse revolving factoring agreements together with its underlying transaction documents, which include, among others, account receivables transfer registration agreement and account receivables repurchase agreement, respectively dated 17 December 2019 and 24 December 2019, both entered into between Customer C and Shanghai Shouxin, as secured by the guarantee contracts entered into between Shanghai Shouxin on one part of creditor and Zhang Junhui (張俊暉) on the other part of guarantor to ensure performance of the factoring agreements concerned on each of the foregoing dates, containing similar major terms of the factoring loan arrangements between the parties

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratio(s) as defined in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement only, exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shanghai Epidemic Control and Service Industry Support Policies”	上海市全力防控疫情支持服務企業平穩健康發展的若干政策措施 (Certain Policies of Shanghai to Prevent and Control the Epidemic and Fully Support the Steady and Healthy Growth of the Service Industry*) under the上海市人民政府關於印發上海市全力防控疫情支持服務企業平穩健康發展若干政策措施的通知 (滬府規[2020] 3號) (the Notice by the Shanghai Municipal People’s Government on Certain Policies of Shanghai to Prevent and Control the Epidemic and Fully Support the Steady and Healthy Growth of the Service Industry* (Hu Fu Gui [2020] No.3))

“Shanghai Shouxin”	上海守信商業保理有限公司 (Shanghai Shouxin Commercial Factoring Co., Ltd*), an indirect wholly-owned subsidiary of the Company and established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

\* *For identification purposes only*

*Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1 = RMB0.8533.*

By Order of the Board  
**NOVA Group Holdings Limited**  
**Deng Zhonglin**  
*Chairman*

Hong Kong, 25 March 2020

*As at the date of this announcement, the Board comprises Mr. Deng Zhonglin and Mr. Xu Feng as executive Directors; and Mr. Choi Hung Fai, Mr. Tsang Wing Ki, Dr. Wong Kong Tin, JP and Mr. Qiu Peiyuan as independent non-executive Directors.*