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# NOVA Group Holdings Limited

## 諾發集團控股有限公司

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

**(Stock code: 1360)**

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of NOVA Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2020 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2019 (the “**Prior Period**” or “**2019**”) as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31 December 2020*

	<i>Notes</i>	<b>For the six months ended 31 December</b>	
		<b>2020</b>	<b>2019</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	5	<b>137,288</b>	426,591
Cost of sales		<b>(83,970)</b>	(206,170)
Gross profit		<b>53,318</b>	220,421
Other income	6	<b>3,867</b>	17,781
Other gains and losses	7	<b>16,023</b>	(25,787)
Net gain/(loss) on financial assets at fair value through profit or loss (“ <b>FVTPL</b> ”)	7	<b>1,082</b>	(11,085)
Net gain on change in fair value of contingent consideration payables	7	<b>1,952</b>	27,743
Selling expenses		<b>(12,909)</b>	(14,477)
Administrative expenses		<b>(25,289)</b>	(34,666)

		<b>For the six months ended</b>	
		<b>31 December</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating profit</b>		<b>38,044</b>	179,930
Finance costs		<b>(13,669)</b>	(18,881)
Profit before tax	7	<b>24,375</b>	161,049
Taxation	8	<b>(11,211)</b>	(54,438)
<b>Profit for the period</b>		<b>13,164</b>	106,611
<b>Other comprehensive income/(expenses)</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>50,400</b>	(9,069)
Release of exchange reserve upon disposal of subsidiaries		<b>(843)</b>	–
Release of exchange reserve upon deregistration of subsidiaries		<b>(1,670)</b>	–
<b>Total comprehensive income for the period</b>		<b>61,051</b>	97,542
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>17,789</b>	101,262
Non-controlling interests		<b>(4,625)</b>	5,349
		<b>13,164</b>	106,611
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>65,449</b>	92,169
Non-controlling interests		<b>(4,398)</b>	5,373
		<b>61,051</b>	97,542
<b>Earnings per share attributable to owners of the Company:</b>			
Basic ( <i>HK cents</i> )	10	<b>1.02</b>	6.92
Diluted ( <i>HK cents</i> )		<b>1.02</b>	6.90

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		At 31 December 2020	At 30 June 2020
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		2,521	3,593
Right-of-use assets		3,832	7,155
Intangible assets	11	4,413	14,291
Goodwill		276,397	276,397
Financial assets at FVTPL	12	–	24,581
Factoring receivables	14	53,090	66,627
Lease receivables	15	54,528	56,974
Prepayments, deposits and other receivables		14,452	14,525
Deferred tax assets		802	805
		410,035	464,948
<b>Current assets</b>			
Inventories		11,370	5,755
Trade receivables	13	116,216	178,868
Factoring receivables	14	228,206	291,568
Lease receivables	15	36,996	23,386
Loan receivables	16	23,293	–
Prepayments, deposits and other receivables		16,003	26,407
Financial assets at FVTPL	12	23,806	29,007
Tax recoverable		497	–
Cash and cash equivalents		154,455	137,431
		610,842	692,422
<b>Current liabilities</b>			
Trade payables	17	6,710	58,590
Receipts in advance		3,959	4,144
Contract liabilities		8,042	36,616
Accruals, deposits received and other payables		20,458	20,119
Lease liabilities		3,532	6,702
Contingent consideration payables	18	4,153	6,105
Corporate bonds	19	167,662	306,702
Tax payables		9,737	8,990
		224,253	447,968
<b>Net current assets</b>		386,589	244,454
<b>Total assets less current liabilities</b>		796,624	709,402

		At <b>31 December</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2020 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Contract liabilities		<b>658</b>	1,968
Lease liabilities		<b>464</b>	709
Contingent consideration payables	<i>18</i>	–	3,506
Corporate bonds	<i>19</i>	<b>3,863</b>	5,566
		<u><b>4,985</b></u>	<u>11,749</u>
<b>NET ASSETS</b>		<u><b>791,639</b></u>	<u>697,653</u>
<b>Capital and reserves</b>			
Share capital	<i>20</i>	<b>3,629</b>	3,044
Reserves		<b>788,010</b>	689,437
<b>Equity attributable to owners of the Company</b>		<b>791,639</b>	692,481
Non-controlling interests		–	5,172
<b>TOTAL EQUITY</b>		<u><b>791,639</b></u>	<u>697,653</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

## 1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands and is listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The principal place of business of the Company in Hong Kong is Suites 911–912, Level 9, One Pacific Place, 88 Queensway, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in the organisation and sponsorship of exhibitions and events, the operation of cultural and entertainment comprehensive services platform and provision of loan and financing services.

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Reporting Period have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with applicable disclosure requirements as set out in Appendix 16 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange. It was authorised for issue on 26 February 2021.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020 as contained in the Company’s annual report 2019/20 (the “**Annual Report**”).

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the Reporting Period are the same as those followed in the preparation of the Group’s Annual Report.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the following amendments to standards that have been issued and effective for the accounting periods beginning on 1 July 2020.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendment to HKFRS 16	COVID-19 Related Rent Concessions

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group’s results and financial position for the current and prior period and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

#### 4. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on types of services provided.

The operating and reportable segments are as follows:

Exhibition and events	Organisation and sponsorship of trade shows, exhibitions and events, provision of event planning, sub-contracting, management and ancillary services
Cultural and entertainment	Operation of cultural and entertainment comprehensive services platform, including brand management, solution and consulting services, contracting services and entertainment solution, trading of goods, artist agency services and products promotion services
Financing	Provision of money lending, finance leasing and credit factoring services

The following is an analysis of the Group's revenue and results by reportable segments:

*For the six months ended 31 December*

	Exhibition and events		Cultural and entertainment		Financing		Total	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Revenue</b>								
Segment revenue	54	45,934	129,672	367,540	25,911	34,196	155,637	447,670
Inter-segment revenue	(54)	–	(18,295)	(21,079)	–	–	(18,349)	(21,079)
Revenue from external customers	–	45,934	111,377	346,461	25,911	34,196	137,288	426,591
<b>Results</b>								
Segment results	(3,353)	15,529	29,701	137,939	24,130	31,129	50,478	184,597
Unallocated net gain/(loss) on financial assets at FVTPL							1,082	(7,358)
Net gain on change in fair value of contingent consideration payables							1,952	27,743
Unallocated income and other gains and losses							(5,449)	117
Unallocated corporate expenses							(10,019)	(25,169)
Finance costs							(13,669)	(18,881)
Profit before tax							24,375	161,049
Taxation							(11,211)	(54,438)
Profit for the period							13,164	106,611

The following is an analysis of the Group's assets and liabilities by operating segments:

	Exhibition and events		Cultural and entertainment		Financing		Total	
	At 31 December 2020 HK\$'000 (Unaudited)	At 30 June 2020 HK\$'000 (Audited)	At 31 December 2020 HK\$'000 (Unaudited)	At 30 June 2020 HK\$'000 (Audited)	At 31 December 2020 HK\$'000 (Unaudited)	At 30 June 2020 HK\$'000 (Audited)	At 31 December 2020 HK\$'000 (Unaudited)	At 30 June 2020 HK\$'000 (Audited)
<b>Assets</b>								
Segment assets	85,025	86,051	479,872	544,971	404,046	461,062	968,943	1,092,084
Unallocated corporate assets							51,934	65,286
							<u>1,020,877</u>	<u>1,157,370</u>
<b>Liabilities</b>								
Segment liabilities	1,768	6,815	32,969	119,140	7,645	6,735	42,382	132,690
Unallocated corporate liabilities							186,856	327,027
							<u>229,238</u>	<u>459,717</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets; and
- all liabilities are allocated to reportable segments other than corporate liabilities.

### Other segment information

For the six months ended 31 December

	Exhibition and events		Cultural and entertainment		Financing		Unallocated		Total	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	(39)	(41)	(283)	(133)	(17)	(4)	(628)	(732)	(967)	(910)
Depreciation of right-of-use assets	(135)	(422)	(538)	(900)	-	-	(2,646)	(2,874)	(3,319)	(4,196)
Write-off of property, plant and equipment	(94)	-	(8)	(24)	-	-	(1)	-	(103)	(24)
Capital expenditures	-	-	(21)	(39)	(35)	(23)	-	(618)	(56)	(680)
Net gain/(loss) on financial assets at FVTPL	-	(3,727)	-	-	-	-	1,082	(7,358)	1,082	(11,085)
Gain/(loss) on disposal of subsidiaries	2,412	(2,818)	-	-	-	-	-	-	2,412	(2,818)
Gain on deregistration of subsidiaries	(99)	-	4,671	-	-	-	(1)	-	4,571	-
Amortisation of intangible assets	-	(1,797)	(2,889)	(3,542)	-	-	-	-	(2,889)	(5,339)
	<u>-</u>	<u>(1,797)</u>	<u>(2,889)</u>	<u>(3,542)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,889)</u>	<u>(5,339)</u>

## 5. REVENUE

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Organisation and sponsorship of exhibitions, event planning and related services	–	45,934
Contracting services and entertainment equipment solution	–	83,919
Brand management	<b>5,035</b>	10,493
Promotion and consulting services	<b>49,070</b>	161,959
Trading of goods	<b>57,272</b>	90,090
Financing income		
— Credit factoring services	<b>20,917</b>	20,695
— Finance leasing services	<b>4,597</b>	12,101
— Money lending services	<b>397</b>	1,400
	<hr/>	<hr/>
<b>Total</b>	<b>137,288</b>	426,591
	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition</b>		
At point in time	<b>89,706</b>	381,902
Over time	<b>21,671</b>	10,493
	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<b>111,377</b>	392,395
<b>Revenue from other sources</b>	<b>25,911</b>	34,196
	<hr/>	<hr/>
<b>Total</b>	<b>137,288</b>	426,591
	<hr/> <hr/>	<hr/> <hr/>

## 6. OTHER INCOME

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Non-refundable trade deposits forfeited	–	4,026
Government grants	<b>2,793</b>	13,175
Interest income	<b>104</b>	272
Sundry income	<b>970</b>	308
	<hr/>	<hr/>
	<b>3,867</b>	17,781
	<hr/> <hr/>	<hr/> <hr/>



## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Staff costs:</b>		
Employee benefit expenses (including Directors' emoluments):		
— Salaries, allowance and other benefits	17,462	11,404
— Retirement benefit schemes contributions	512	2,115
— Equity-settled share-based payment expenses ( <i>Note a</i> )	–	11,033
	<u>17,974</u>	<u>24,552</u>
<b>Other items:</b>		
Depreciation of property, plant and equipment	967	910
Depreciation of right-of-use assets	3,319	4,196
Amortisation of intangible assets	2,889	5,339
Auditor's remuneration	240	300
Net gain on change in fair value of contingent consideration payables	(1,952)	(27,743)
Cost of inventories recognised in cost of sales	61,277	135,105
Expenses relating to short-term leases and other lease with lease terms ending within 12 months from the date of initial application of HKFRS 16	581	2,002
	<u>581</u>	<u>2,002</u>
<b>Net (gain)/loss on financial assets at FVTPL:</b>		
Net realised loss on financial assets at FVTPL	2,254	1
Net unrealised loss on financial assets at FVTPL	2,243	4,457
(Gain)/loss on fair value change of early redemption right	(5,579)	2,900
Loss on fair value change of profit guarantees	–	3,727
	<u>–</u>	<u>3,727</u>
Net (gain)/loss on financial assets at FVTPL	<u>(1,082)</u>	<u>11,085</u>
<b>Other gains and losses:</b>		
Exchange gains, net	(4,158)	(216)
Impairment loss on trade receivables	–	18,507
Impairment loss on lease receivables	–	318
Impairment loss on factoring receivables	–	164
Expected credit loss (“ECL”) on loan receivables	40	–
Reversal of ECL on trade receivables	(10,785)	–
Reversal of ECL on lease receivables	(53)	–
Reversal of ECL on factoring receivables	(111)	–
Impairment loss on intangible assets	–	4,172
Write-off of property, plant and equipment	103	24
(Gain)/loss on disposal of subsidiaries ( <i>Note 21</i> )	(2,412)	2,818
Gain on deregistration of subsidiaries ( <i>Note b</i> )	(4,571)	–
Gain on early redemption of corporate bonds	(5,598)	–
Loss on non-substantial modification of corporate bond ( <i>Note 19</i> )	11,695	–
Others	(173)	–
	<u>(173)</u>	<u>–</u>
	<u>(16,023)</u>	<u>25,787</u>

Note a:

No equity-settled share-based payment expenses was incurred during the Reporting Period (2019: approximately HK\$2,392,000 attributable to the Directors and approximately HK\$8,641,000 attributable to the staff of the Group).

Note b:

The amount represents the cumulative reserve differences included in exchange reserve, other reserve and statutory reserve released upon deregistration of subsidiaries.

## 8. TAXATION

	For the six months ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong Profits Tax	70	292
— PRC Enterprise Income Tax	11,215	52,416
	<u>11,285</u>	<u>52,708</u>
Under-provision in prior periods:		
— Hong Kong Profits Tax	—	1,380
Deferred tax:		
— Current period	(74)	350
Total	<u>11,211</u>	<u>54,438</u>

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 31 December 2020 and 2019.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Group in the PRC is 25% for the periods ended 31 December 2020 and 2019.

Pursuant the EIT Law and its implementation rules, dividends declared in respect of profit earned by the PRC subsidiaries, royalty receivable by non-PRC corporate residents from the PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements.

## 9. DIVIDEND

During the Reporting Period, the Directors did not recommend payment of a final dividend for the year ended 30 June 2020 (2019: HK5.0 cent and the aggregate amount amounted to HK\$73,145,000).

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	<b>For the six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to owners of the Company	<b>17,789</b>	101,262
Effect of dilutive potential ordinary shares:		
Interest on convertible note (net of tax)	<u>          –</u>	<u>          977</u>
Earnings for the purpose of diluted earnings per share	<u><b>17,789</b></u>	<u>102,239</u>
	<b>For the six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,736,053,551</b>	1,462,900,000
Effect of dilutive potential ordinary share:		
Convertible note	<u>          –</u>	<u>18,579,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>1,736,053,551</b></u>	<u>1,481,479,000</u>

For the Reporting Period, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of the share options were higher than the average market price of shares. The basic and diluted earnings per share were the same for the Reporting Period.

For the Prior Period, the computation of diluted earnings per share assume the conversion of convertible note since their assumed conversion would result in a decrease in earnings per share. The net profit is adjusted to eliminate the relevant interest expense less the tax effect. The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of the share options were higher than the average market price of shares.

## 11. INTANGIBLE ASSETS

During the Reporting Period, the Group disposed intangible assets of approximately HK\$7,477,000 (2019: nil) on disposal of subsidiaries, and no impairment loss was recognised (2019: approximately HK\$4,172,000).

The recoverable amounts of intangible assets have been determined based on a value-in-use calculation by Peak Vision Appraisal Limited ("Peak Vision"). The calculation used cash flow projections based on a financial forecast approved by the Directors covering a three-year period.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
Profit guarantees	–	24,581
Early redemption right from corporate bonds	<b>8,859</b>	3,280
Equity securities listed in Hong Kong	<b>14,947</b>	25,727
	<u><b>23,806</b></u>	<u>53,588</u>
Analysed for reporting purposes as:		
Current assets	<b>23,806</b>	29,007
Non-current assets	–	24,581
	<u><b>23,806</b></u>	<u>53,588</u>

At 31 December 2020, profit guarantees were either fulfilled or eliminated on disposal of subsidiaries.

The fair value of profit guarantee and early redemption right from corporate bonds were determined by the Directors with reference to the valuations at the period ended and year ended date carried out by Peak Vision. The market value of listed securities were determined by the Directors with reference to quoted prices in active market.

## 13. TRADE RECEIVABLES

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
Trade receivables	<b>143,344</b>	216,097
Less: allowance for credit losses	<b>(27,128)</b>	(37,229)
	<u><b>116,216</b></u>	<u>178,868</u>

The Group has a policy of allowing trade customers with credit terms of normally within 90 days except for contracting services and entertainment equipment solution which credit terms is normally 8 months and for trading of goods which credit terms is normally 1 to 6 months. Settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. The ageing analysis of trade receivables based on dates when services are rendered/invoice dates is as follows:

	At <b>31 December</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2020 <i>HK\$'000</i> (Audited)
0–30 days	15,997	17,574
31–60 days	9,446	6,744
61–90 days	7,394	6,056
91–180 days	25,222	30,023
181–365 days	24,475	118,471
Over 365 days	33,682	–
Total	<u>116,216</u>	<u>178,868</u>

As at 31 December 2020, reversal of ECL on trade receivables of approximately HK\$10,785,000 was recognised (30 June 2020: ECL of approximately HK\$37,621,000). The Group sought to maintain control over its outstanding receivables and overdue balances were regularly reviewed by management.

The movements in allowance for credit losses on trade receivables are as follows:

	At <b>31 December</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2020 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	37,229	–
Amounts (reversed)/recognised during the period/year	(10,785)	37,621
Exchange realignment	684	(392)
At the end of the period/year	<u>27,128</u>	<u>37,229</u>

The ageing analysis of trade receivables which are past due but not yet impaired is as follows:

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
0–30 days	7,705	22,158
31–60 days	6,337	10,567
61–90 days	3,446	17,500
91–180 days	16,730	36,287
181–365 days	26,541	33,212
Over 1 year	6,065	–
Total	<u>66,824</u>	<u>119,724</u>

#### 14. FACTORING RECEIVABLES

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
Factoring receivables	280,565	357,718
Interest receivables from factoring receivables	1,088	912
Less: allowance for credit losses	(357)	(435)
	<u>281,296</u>	<u>358,195</u>
Analysed for reporting purposes as:		
Current assets	228,206	291,568
Non-current assets	53,090	66,627
	<u>281,296</u>	<u>358,195</u>

The movements in allowance for credit losses on factoring receivables are as follows:

	At 31 December 2019 <i>HK\$'000</i> (Unaudited)	At 30 June 2019 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	435	–
Amounts (reversed)/recognised during the period/year	(111)	440
Exchange realignment	33	(5)
At the end of the period/year	<u>357</u>	<u>435</u>

As of the end of the Reporting Period, the ageing analysis of factoring receivables, based on the maturity date in contracts, is as follows:

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
0–30 days	1,685	1,211
31–90 days	42,636	7,960
91–365 days	146,070	282,397
Over 365 days	90,905	66,627
	<u>281,296</u>	<u>358,195</u>

Factoring receivables granted to customers are measured at amortised cost and generally for a period of 7 months to 3 years. The effective interest rates of factoring receivables as to 31 December 2020 range from 7.76% to 11.13% (30 June 2020: from 7.76% to 11.13%) per annum.

## 15. LEASE RECEIVABLES

### Leasing arrangements

Certain of the Group's entertainment equipment and machinery are leased out under finance leases. All leases are denominated in RMB. Lease receivables from sale-leaseback transactions are measured at amortised cost and generally for a period of 1 to 3 years.

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
Lease receivables from sale-leaseback transactions	91,604	80,484
Less: allowance for credit losses	(80)	(124)
	<u>91,524</u>	<u>80,360</u>
Analysed for reporting purposes as:		
Current assets	36,996	23,386
Non-current assets	54,528	56,974
	<u>91,524</u>	<u>80,360</u>

As of the end of the Reporting Period, the ageing analysis of lease receivables from sale-leaseback transactions, based on the maturity date of the contracts, is as follows:

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
Within one year	36,994	23,386
More than one year but not exceeding two years	39,282	35,150
More than two years but not exceeding three years	15,248	21,824
	<u>91,524</u>	<u>80,360</u>

The movements in allowance for credit losses on lease receivables from sale-leaseback transactions are as follows:

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	124	–
Amounts (reversed)/recognised during the period/year	(53)	125
Exchange realignment	9	(1)
	<u>80</u>	<u>124</u>

There was no unguaranteed residual value in connection with lease arrangements or contingent lease arrangements of the Group that needed to be recorded as at the end of the reporting period.

## 16. LOAN RECEIVABLES

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
Loan receivables	22,950	–
Interest receivables from loan receivables	383	–
Less: allowance for credit losses	(40)	–
	<u>23,293</u>	<u>–</u>



The movements in allowance for credit losses on loan receivables are as follows:

	At <b>31 December</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2020 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	–	–
Amounts recognised during the period/year	<u>40</u>	<u>–</u>
At the end of the period/year	<u><u>40</u></u>	<u><u>–</u></u>

As of the end of the Reporting Period, the ageing analysis of loan receivables, based on the maturity date in contracts, is as follows:

	At <b>31 December</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2020 <i>HK\$'000</i> (Audited)
0–30 days	193	–
31–90 days	189	–
91–365 days	<u>22,911</u>	<u>–</u>
Total	<u><u>23,293</u></u>	<u><u>–</u></u>

Loan receivables granted to customers are measured at amortised cost and generally for period of 6 months to 12 months. The effective interest rates of loan receivables as to 31 December 2020 range from 10.00% to 20.00% (30 June 2020: nil) per annum.

## 17. TRADE PAYABLES

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
0–30 days	1,190	10,987
31–60 days	501	3,938
61–90 days	569	2,829
91–180 days	1,672	3,249
181–365 days	506	31,932
Over 1 year	2,272	5,655
	<u>6,710</u>	<u>58,590</u>
At the end of the period/year	<u>6,710</u>	<u>58,590</u>

The average credit period ranged from 0–180 days.

## 18. CONTINGENT CONSIDERATION PAYABLES

The calculation of contingent consideration at the end of the Reporting Period/Year as follows:

	At 31 December 2020 <i>HK\$'000</i> (Unaudited)	At 30 June 2020 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	9,611	170,341
Reclassified to convertible bonds/notes and convertible bonds/notes reserve		
— liabilities portion	–	(53,583)
— equity portion	–	(9,682)
Gain on change in fair value	(1,952)	(97,465)
Disposal ( <i>Note 21</i> )	(3,506)	–
	<u>4,153</u>	<u>9,611</u>
At the end of the period/year	<u>4,153</u>	<u>9,611</u>
Analysed for reporting purposes as:		
Current liabilities	4,153	6,105
Non-current liabilities	–	3,506
	<u>4,153</u>	<u>9,611</u>

The fair value of the contingent consideration payables were determined by the Directors with reference to the valuations at the period ended and year ended date carried out by Peak Vision.

## 19. CORPORATE BONDS

The carrying amounts of corporate bonds recognised at the end of the Reporting Period were calculated as follows:

	<i>HK\$'000</i>
At 1 July 2019	324,525
Effective interest expenses	33,300
Less: interest paid	<u>(45,557)</u>
At 30 June 2020 and 1 July 2020 (Audited)	312,268
Less: redemption (with principal amount of HK\$142,000,000)	(147,608)
Add: adjusting to carrying amounts upon non-substantial modification ( <i>Note</i> )	11,695
Effective interest expenses	13,349
Less: interest paid	<u>(18,179)</u>
<b>At 31 December 2020 (Unaudited)</b>	<b><u>171,525</u></b>
Analysed for reporting purposes as:	
Current liabilities	167,662
Non-current liabilities	<u>3,863</u>
	<u>171,525</u>

The effective interest rates are in a range of 8.19% to 10.46% per annum.

*Note:*

On 11 September 2020, the Company executed a supplemental deed poll for the unsecured corporate bonds with principal amount of HK\$300,000,000 to modify the maturity date from 7 November 2020 into two maturity dates, 7 November 2020 and 7 November 2021. Based on the assessment performed by the Group, the modification is regarded as non-substantial modification. The loss on modification of corporate bond of approximately HK\$11,695,000 is recognised in profit or loss at the date of modification.

## 20. SHARE CAPITAL

	Par value HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
<b>Authorised:</b>			
At 1 July 2019, 30 June 2020, 1 July 2020 and 31 December 2020	0.002	<u>5,000,000,000</u>	<u>10,000</u>
<b>Issued and fully paid:</b>			
At 1 July 2019	0.002	1,462,900,000	2,926
Conversion of convertible bonds ( <i>Note a</i> )	0.002	<u>58,973,223</u>	<u>118</u>
At 30 June 2020 and 1 July 2020 (Audited)	0.002	<u>1,521,873,223</u>	<u>3,044</u>
Placing of new shares ( <i>Note b</i> )	0.002	<u>292,500,000</u>	<u>585</u>
<b>At 31 December 2020 (Unaudited)</b>	<b>0.002</b>	<b><u>1,814,373,223</u></b>	<b><u>3,629</u></b>

### Notes:

- (a) On 1 April 2020, convertible bond with principal amount of HK\$8,004,000 were converted into 8,700,000 shares at a conversion price of HK\$0.92 per ordinary share. The convertible bond was issued to the vendor upon the fulfilment of profit guarantee for the year ended 31 December 2019 relating to the acquisition of the entire equity interests of Fortune Selection Group.

On 22 April 2020, convertible notes with principal amounts of HK\$34,000,000 and HK\$58,000,000 were converted into 18,579,234 and 31,693,989 shares, respectively, both at a conversion price of HK\$1.83 per ordinary share. The convertible notes were issued to the vendor upon the fulfilment of profit guarantee for the year ended 31 December 2018 and the two years ended 31 December 2019 relating to the acquisition of the entire equity interests of Cheer Sino Group.

- (b) On 20 August 2020, a total of 292,500,000 ordinary shares have been issued at HK\$0.13 per placing share pursuant to the terms and conditions of the placing agreement under general mandate. Net proceeds of approximately HK\$37,164,000 have been raised through the placing.

## 21. DISPOSAL OF SUBSIDIARIES

During the Reporting Period, the Company disposed of its entire 100% equity interest in Mega Exhibition International Limited and its subsidiaries, at a consideration of HK\$29,500,000. The gain arising from the disposal was calculated as follows:

### Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
<b>Assets</b>	
Intangible assets	7,477
Property, plant and equipment	224
Financial assets at FVTPL	24,581
Other receivables	993
Cash and cash equivalents	115
	<u>33,390</u>
<b>Liabilities</b>	
Contingent consideration payable ( <i>Note 18</i> )	(3,506)
Other payables	(625)
	<u>(4,131)</u>
Net assets disposed of	29,259
Release of non-controlling interest upon disposal of subsidiaries	(547)
Release of exchange reserve	(1,070)
Release of statutory reserve	(554)
Consideration	29,500
	<u>29,500</u>
Gain on disposal of subsidiaries ( <i>Note 7</i> )	<u><u>2,412</u></u>

## 22. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere to the unaudited condensed consolidated financial statements, the Group had entered into the following related party transactions, which in the opinion of the directors of the Company, were carried out in accordance with terms negotiated between the parties and in the ordinary course of business of the Group.

Remuneration for key personnel management, including emoluments paid to the Directors are as follows:

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Unaudited)
Salaries, allowances and other benefits	<b>1,484</b>	1,073
Retirement benefit scheme contributions	<b>30</b>	5
Equity-settled share-based payment expenses	<u>–</u>	<u>2,392</u>
Total compensation paid to key management personnel	<u><u><b>1,514</b></u></u>	<u><u>3,470</u></u>

### 23. CAPITAL COMMITMENTS

	At <b>31 December</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 June 2020 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u><b>22,184</b></u>	<u>20,402</u>

In April 2019, an indirectly wholly-own subsidiary of the Company entered into a contract in the sum of approximately RMB31,020,000 which is equivalent to approximately HK\$35,536,000 with a ship building company, an independent third party. According to the contract, the amount of approximately HK\$14,381,000 was paid as a first instalment for the yacht ordered.

### 24. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2020 and 30 June 2020.

### 25. EVENTS AFTER THE REPORTING PERIOD

Details of subsequent event after the Reporting Period can be referred to the section headed “Event After The Reporting Period” in the “Management Discussion and Analysis” section of this interim results announcement.

### 26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period’s presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the organisation and sponsorship of exhibitions and events, the operation of cultural and entertainment comprehensive services platform and provision of loan and financing services.

Revenue and segment results of the Group for the Reporting Period and the Prior Period are set out as follows:

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Exhibition and events	–	45,934
Cultural and entertainment	<b>111,377</b>	346,461
Financing	<b>25,911</b>	34,196
	<u><b>137,288</b></u>	<u>426,591</u>
<b>Segment profit/(loss) from:</b>		
Exhibition and events	<b>(3,353)</b>	15,529
Cultural and entertainment	<b>29,701</b>	137,939
Financing	<b>24,130</b>	31,129
	<u><b>50,478</b></u>	<u>184,597</u>

#### Exhibition and events business

Exhibition industry experienced difficulties in operations due to the outbreak of the coronavirus disease 2019 (“**COVID-19**”). During the Reporting Period, the Group has not launched any exhibition and considers the revenue generated from this segment will continue to decrease in the coming years. The Group has disposed of a subsidiary which is engaged in unmanned retail exhibition in the PRC to release the pressure on the cashflow and strengthen the Group’s liquidity position.

Revenue from exhibition and events business recorded a 100% decrease from approximately HK\$45.93 million for the Prior Period to nil for the Reporting Period. It represented 0% (2019: 10.77%) of the total revenue.

## Cultural and entertainment business

The Group maintains a good relationship with suppliers and members of 諾笛聯盟平台 (transliterated as “NOD Union”). However, some of the NOD Union members haven’t renewed their membership after the contracts ended. The overall cultural and entertainment business performance was weak after the outbreak of COVID-19.

Epidemic prevention measures and social distancing policy by the PRC government have significant impact on the industry. Fewer potential customers had intention to open new clubs/bars under our brand names “PHEBE”, “MT”, “U.CLUB” and “DrOscar”, fewer international disc jockeys and artists were invited and our customers and NOD Union members have been less interested to held big promotion events.

During the Reporting Period, the segment revenue decreased by approximately HK\$235.08 million, or approximately 67.85%, from approximately HK\$346.46 million for the Prior Period to approximately HK\$111.38 million for the Reporting Period. It represented 81.13% (2019: 81.22%) of the total revenue.

Cultural and entertainment comprehensive services platform are currently divided into the following components:

		For the six months ended 31 December	
		2020	2019
	Notes	HK\$'000	HK\$'000
Brand management and related services	<i>i</i>	5,035	10,493
Promotion and consulting services	<i>ii</i>	49,070	161,959
Contracting services and entertainment equipment solution	<i>iii</i>	–	83,919
Trading of goods	<i>iv</i>	57,272	90,090
		<u>111,377</u>	<u>346,461</u>

Notes:

*i. Brand management and related services*

Providing brand management and related services under the brand names of “PHEBE”, “MT”, “U.CLUB” and “DrOscar”.

*ii. Promotion and consulting services*

Providing product promotion services, systematic entertainment solution and advisory services, including entertainment management consulting, event planning, online marketing; disc jockey and artist agency services; and other ad hoc consultancy services.



*iii. Contracting services and entertainment equipment solution*

Providing and supplying customised and thematic entertainment equipment and software materials integration services to customers.

*iv. Trading of goods*

Trading of wine and liquor, e-cigarettes and daily supplies to entertainment stores and NOD Union members.

**Financing business**

The financing business comprises money lending, finance leasing and credit factoring services. The Group has credit policy and loan approval process to minimise the credit risks.

*Money Lending*

The revenue from money lending has decreased by approximately HK\$1.00 million, or approximately 71.43%, from approximately HK\$1.40 million for the Prior Period to approximately HK\$0.40 million for the Reporting Period. The Group always insists on meeting customer needs and maximising customer value as a starting point.

*Finance Leasing*

The revenue from finance lease has decreased by approximately HK\$7.50 million, or approximately 61.98%, from approximately HK\$12.10 million for the Prior Period to approximately HK\$4.60 million for the Reporting Period. The Group focused on expanding its small and medium-sized leasing from sale and leaseback business and centered on the cultural and entertainment to cultivate high quality finance leasing customers.

*Credit Factoring*

The revenue from credit factoring has increased by approximately HK\$0.22 million, or approximately 1.06%, from approximately HK\$20.70 million for the Prior Period to approximately HK\$20.92 million for the Reporting Period.

Our credit factoring business allows customers to free up cash tied up in unpaid invoices. The finance period given to customers ranges from 7 months to 3 years and the finance service allows business owners to release up to 80% invoice value.

With the influence of COVID-19, small and medium-sized companies and individuals have been facing shortage of cashflow. This gave us opportunities to develop our financing business. The Group has adjusted the interest rate range to attract new customers.

The aggregate revenue from financing business has decreased by approximately HK\$8.29 million, or approximately 24.24%, from approximately HK\$34.20 million for the Prior Period to approximately HK\$25.91 million for the Reporting Period. It represented 18.87% (2019: 8.02%) of the total revenue.

## FINANCIAL REVIEW

During the Reporting Period, the Group recorded approximately HK\$137.29 million in revenue, representing a decrease of approximately 67.82% as compared with that in the Prior Period of approximately HK\$426.59 million. Operating profit for the Reporting Period was approximately HK\$38.04 million, representing a decrease of approximately 78.86% as compared with the operating profit in the Prior Period of approximately HK\$179.93 million. Net profit for the Reporting Period was approximately HK\$13.16 million, representing a decrease of approximately 87.66% as compared with the Prior Period of approximately HK\$106.61 million. The decrease in net profit was mainly attributable to the decrease in revenue due to the adverse impact from the outbreak of COVID-19.

The following table sets forth a summary of the performance of the Group for the Reporting Period with comparative figures for the Prior Period as follows:

	For the six months ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
Revenue	137,288	426,591
Operating profit	38,044	179,930
Operating profit margin (%)	28%	42%
Net gain on change in fair value of contingent consideration payables	1,952	27,743
Equity-settled share-based payment expenses	–	(11,033)
Net gain/(loss) on financial assets at FVTPL	1,082	(11,085)
Profit for the period	<u>13,164</u>	<u>106,611</u>

### Revenue

The revenue has decreased by approximately HK\$289.30 million, or approximately 67.82%, from approximately HK\$426.59 million for the Prior Period to approximately HK\$137.29 million for the Reporting Period. The deterioration was mainly attributable to the decrease in the revenue of cultural and entertainment segment of approximately HK\$235.08 million and no revenue from exhibition and events segment due to the outbreak of COVID-19.

## **Other gains and losses**

The Group's other gains and losses have increased by approximately HK\$41.81 million, or approximately 162.12%, from loss of approximately HK\$25.79 million for the Prior Period to gain of approximately HK\$16.02 million for the Reporting Period. Such increment was primarily due to the reversal of ECL on trade, lease and factoring receivables of approximately HK\$10.95 million in aggregate.

Many of our customers experienced significant reduction in revenue due to the economic devastation brought by the outbreak of COVID-19. The account receivables' ageing period was longer than usual. Based on their historical payment records, we believe that our customers have the ability to settle the receivables in longer credit period of time. Subsequent to the end of the Reporting Period, most of the customers have partially settled the bills.

## **Operating profit and operating profit margin**

As a result of the foregoing, the Group's operating profit has decreased by approximately HK\$141.89 million, or approximately 78.86%, from an operating profit of approximately HK\$179.93 million for the Prior Period to an operating profit of approximately HK\$38.04 million for the Reporting Period, the decrease was consistent with the downturn of revenue. The Group's operating profit margin decreased from approximately 42.18% for the Prior Period to approximately 27.71% for the Reporting Period.

## **FUTURE PLANS AND PROSPECTS**

The outbreak of COVID-19 has forced the Group to review and recalibrate our development strategies and planning based on assessments on the actual and potential impacts from the pandemic.

As previously mentioned in the Company's 2019/20 annual report, the outbreak of COVID-19 has had adverse impact on the Company's business along with the uncertainties over the global economy. The potential economic destruction created by COVID-19 will take a long time to overcome. The Company believes that the Group's business environment will continue to be challenging in the short to medium term, especially in exhibition and events industry.

Looking forward into the coming year, the Group continues to closely monitor the development of the COVID-19 and take all possible and reasonable measures to mitigate the effect on the Group's operation.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (2019: nil).

## SIGNIFICANT INVESTMENTS

### Significant investments in terms of market value as at 31 December 2020 and 30 June 2020

A list of equity securities as at 31 December 2020:

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of	Carrying	Market	Percentage to	Realised loss	Unrealised	Dividend
			units held	amount as at	value as at	total assets	for the	gain/(loss)	received
			as at	as at	as at	value of the	six months	for the	for the
			31 December	31 December	31 December	Group as at	ended	six months	six months
			2020	2020	2020	31 December	31 December	ended	ended
				HK\$'000	HK\$'000	2020	2020	2020	2020
HSBC Holdings plc	0005	Banking services	5,200	188	212	0.02%	-	24	-
China U-Ton Future Space Industrial Group Holdings Limited	6168	Provision of design, deployment and maintenance of optical fibers services, other communication networks services, environmentally intelligent technical products and services, and money lending services	56,675,000	17,003	14,735	1.44%	(2,254)	(2,267)	-

A list of equity securities as at 30 June 2020:

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of	Carrying	Market	Percentage	Realised	Unrealised	Dividend
			units held	amount as at	value as at	to total assets	gain/(loss)	gain/(loss)	received
			as at	as at	as at	value of	for the	for the	for the
			30 June	30 June	30 June	the Group	year ended	year ended	year ended
			2020	2020	2020	as at	30 June	30 June	30 June
				HK\$'000	HK\$'000	30 June	2020	2020	2020
HSBC Holdings plc	0005	Banking services	5,200	312	188	0.02%	(1)	(124)	-
China U-Ton Future Space Industrial Group Holdings Limited	6168	Provision of design, deployment and maintenance of optical fibers services, other communication networks services, environmentally intelligent technical products and services, and money lending services	85,130,000	17,754	25,539	2.21%	287	7,785	-

## **MATERIAL ACQUISITION AND DISPOSAL**

Save as disclosed in Note 21 of the unaudited condensed consolidated financial statements, there was no other material acquisition or disposal of subsidiaries or associates of the Company during the Reporting Period.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2020, the Group's total current assets and current liabilities were approximately HK\$610.84 million (30 June 2020: approximately HK\$692.42 million) and approximately HK\$224.25 million (30 June 2020: approximately HK\$447.97 million) respectively, while the current ratio was about 2.72 times (30 June 2020: about 1.55 times).

The gearing ratio is the ratio of total debts divided by total assets. As at 31 December 2020, the gearing ratio was 16.80% (30 June 2020: 26.98%).

As at 31 December 2020, the Group maintained cash and cash equivalents of approximately HK\$154.46 million (30 June 2020: approximately HK\$137.43 million). The cash and cash equivalents of the Group as at 31 December 2020 was mainly denominated in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”).

Equity securities listed in Hong Kong classified as financial assets at FVTPL with carrying amount of approximately HK\$14.95 million are placed in margin accounts of a regulated securities broker. No margin facility was utilised as at 31 December 2020.

As at 31 December 2020 and 30 June 2020, the Group did not have any material contingent liabilities.

## **CAPITAL COMMITMENTS**

As at 31 December 2020, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of approximately HK\$22.18 million (30 June 2020: approximately HK\$20.40 million).

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Group manages or operates its business in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars (“**US\$**”) and RMB. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Group and had not employed any financial instruments for hedging purpose.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2020, the Group had a total of 102 full-time employees in Hong Kong and the PRC (30 June 2020: 154 full-time employees). The remuneration payable to its employees included salaries, discretionary bonus and commission. Remuneration packages were generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits and trainings to its employees. The Company has also adopted a share option scheme as incentive to eligible employees.

Furthermore, the remuneration committee of the Board will review and give recommendations to the Board as to the compensation packages of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

## **EVENT AFTER THE REPORTING PERIOD**

The Group has no significant events after the end of the Reporting Period up to the date of this interim results announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

## **CORPORATE GOVERNANCE**

The Board regularly reviews the corporate governance practices and procedures of the Group. Throughout the Reporting Period, the Group has applied the principles and adopted all code provisions (the “**Code Provisions**”), where applicable as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has applied the principles and complied with all applicable Code Provisions as set out in the CG Code during the Reporting Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiry made by the Company, each of the Directors confirmed that he had complied with the Model Code during the Reporting Period.

## **AUDIT COMMITTEE**

Pursuant to the requirements of the Code Provisions and the Listing Rules, the Company has established the Audit Committee which consists of three independent non-executive Directors, namely Mr. Tsang Wing Ki (Chairman), Mr. Choi Hung Fai and Dr. Wong Kong Tin, *JP*.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Company. The Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters concerning the unaudited consolidated results of the Group for the Reporting Period.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the websites of the Company ([www.novahldg.com](http://www.novahldg.com)) and of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report for the Reporting Period will be despatched to the shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 26 February 2021

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