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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)

DISCLOSEABLE TRANSACTION EXTENSION OF FACTORING LOAN

EXTENSION OF FACTORING LOAN

The Board hereby announces that, after trading hours on 20 June 2022, Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Factoring Agreement with the Customer, pursuant to which Shanghai Shouxin has agreed, conditional upon the Customer having settled the Outstanding Interest in full by 20 June 2022 (which has been satisfied prior to issue of this announcement), to extend the due date of the Factoring Loan for a period of 3 months.

LISTING RULES IMPLICATIONS

This announcement is made pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Supplemental Factoring Agreement constitutes a variation to the financing term of the Factoring Loan disclosed under the Previous Announcement.

On the other hand, as certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the entering into of the Supplemental Factoring Agreement (when aggregated with that of the Factoring Agreement), are more than 5% but are less than 25%, the provision of the Factoring Loan under the Factoring Agreement, followed by the extension of the financing term of the Factoring Loan under the Supplemental Factoring Agreement, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 25 October 2021 in relation to the provision of the Factoring Loan to the Customer (the “**Previous Announcement**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Previous Announcement.

SUPPLEMENTAL FACTORING AGREEMENT

The Board hereby announces that, after trading hours on 20 June 2022, Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Factoring Agreement with the Customer, pursuant to which Shanghai Shouxin has agreed, conditional upon the Customer having settled the Outstanding Interest in full by 20 June 2022 (which has been satisfied prior to issue of this announcement), to extend the due date of the Factoring Loan for a period of 3 months.

As a result of the foregoing change, the financing term of the Factoring Loan is from 26 October 2021 to 8 September 2022, among which principal amount of RMB18,200,000 and RMB16,800,000 shall be due on 2 September 2022 and 8 September 2022, respectively.

Save as disclosed in this announcement, all other material terms of the Factoring Loan disclosed in the Previous Announcement remain unchanged. For detailed terms of the Factoring Agreement, please refer to the Previous Announcement.

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 THE CUSTOMER

The Customer is principally engaged in trading of non-ferrous metals in the PRC. As at the date of this announcement, the Customer is owned as to 70% by Wuhan Yongyi and 30% by Wuhan Huwang.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Customer and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL FACTORING AGREEMENT

As approached and explained by the Customer, the outbreak of COVID-19 pandemic has brought about economic and social disruption in the PRC, and the Customer has therefore agreed to extend the credit term for 3 months with its debtors. Under such circumstance, the Customer has requested to Shanghai Shouxin correspondingly for an extension of the repayment of the Factoring Loan under the Factoring Agreement. After arm's length negotiations between the parties, Shanghai Shouxin has agreed that such extension would be granted provided that the Customer shall settle the Outstanding Interest in full by 20 June 2022 (which has been satisfied prior to issue of this announcement). Having considered that (i) the due date is merely extended for a period of three months; and (ii) such extension will generate additional interest income to the Group, the Board believes that such extension will not create any material risk to the operation of the Group, while allowing the Group to recover the whole amount of the Factoring Loan in the near future.

Accordingly, the Directors believe that the terms of the Supplemental Factoring Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

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On the other hand, as certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the entering into of the Supplemental Factoring Agreement (when aggregated with that of the Factoring Agreement), are more than 5% but are less than 25%, the provision of the Factoring Loan under the Factoring Agreement, followed by the extension of the financing term of the Factoring Loan under the Supplemental Factoring Agreement, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Factoring Loan”	the recourse revolving factoring loan in a maximum principal amount of RMB35,000,000 (equivalent to approximately HK\$41,183,000) provided by Shanghai Shouxin (as lender) to the Customer (as borrower) under the Factoring Agreement
“Outstanding Interest”	the outstanding interest in the aggregate amount of RMB1,245,424.66 as at 8 June 2022 due and owing by the Customer to Shanghai Shouxin pursuant to the Factoring Agreement
“Supplemental Factoring Agreement”	a supplemental agreement to the Factoring Agreement dated 20 June 2022 entered into between Shanghai Shouxin and the Customer to extend the financing term of the Factoring Loan
“Wuhan Huwang”	武漢互往商務服務有限公司 (Wuhan Huwang Business Services Co., Ltd.*), a company established in the PRC with limited liability, which is held as to 40%, 30% and 30% by 鄒連枝 (Zou Lianzhi*), 蔡金輝 (Cai Jinhui*) and 劉應元 (Liu Yingyuan*), respectively as at the date of this announcement

Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1 = RMB0.84987.

By Order of the Board
NOVA Group Holdings Limited
Deng Zhonglin
Chairman and Chief Executive Officer

Hong Kong, 20 June 2022

As at the date of this announcement, the Board comprises Mr. Deng Zhonglin 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 and Dr. Wong Kong Tin, JP as independent non-executive Directors.