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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

SUNWAH KINGSWAY

新華滙富

On 30 December 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 371,180,000 Placing Shares at the Placing Price of HK\$0.073 per Placing Share to not less than six Placees who are professional, institutional or other investors that are third parties independent of the Company and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 371,180,000 Placing Shares under the Placing represents (i) approximately 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.073 per Placing Share represents (i) a discount of approximately 18.89% to the closing price of HK\$0.09 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.89% to the average closing price of HK\$0.09 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$27.10 million and approximately HK\$25.20 million, respectively.

The Company intends to apply the net proceeds from the Placing towards (i) the repayment of debts of the Group; (ii) potential investments when opportunities arise; and (iii) replenishment of the working capital of the Group to support its business operations. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

Given that completion of the Placing, which is subject to fulfilment of the condition under the Placing Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

30 December 2022 (after trading hours)

Parties

Issuer: The Company

Placing Agent: Kingsway Financial Services Group Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 371,180,000 Placing Shares at the Placing Price of HK\$0.073 per Placing Share on a best effort basis and will receive a placing commission of 6% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

Places

The Placing Agent will place the Placing Shares, on a best effort basis, to professional, institutional or other investors that are third parties independent of the Company and its connected persons. It is expected that the Placing Shares will be placed to not less than six Places.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 371,180,000 Placing Shares under the Placing represents (i) approximately 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$742,360.

Placing Price

The Placing Price is HK\$0.073 per Placing Share which represents:

- (a) a discount of approximately 18.89% to the closing price of HK\$0.09 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 18.89% to the average closing price of HK\$0.09 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 2 December 2022, pursuant to which the Board is authorised to allot, issue and deal with up to 371,180,655 Shares. As at the date of this announcement, the Company has not utilised the General Mandate and the maximum number of 371,180,000 Placing Shares under the Placing represents approximately 100.00% of the entire General Mandate.

The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

Ranking of Placing Shares

The Placing Shares will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Conditions precedent

Completion is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Placing Shares.

If the above condition is not fulfilled by 20 January 2023 or such later date as may be agreed between the Company and the Placing Agent in writing, the Placing will lapse and all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties under the Placing Agreement shall have any claim against any other party in respect of the Placing save for any antecedent breaches of the Placing Agreement.

Completion

Completion of the Placing will take place on the third (3rd) Business Day following the fulfilment of the condition as set out above or such other date as may be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”).

Termination

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the Placing Agreement by notice in writing at or prior to 10:00 a.m. on the Completion Date, if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 10:00 a.m. on the Completion Date,

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated and the Placing Agent, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing;

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under the Placing Agreement.

Upon giving of the notice pursuant to the paragraphs above, all obligations of the Placing Agent shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches of the Placing Agreement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$27.10 million and approximately HK\$25.20 million respectively. The net placing price per Placing Share will be approximately HK\$0.069.

The Company intends to apply the net proceeds from the Placing as follows:

- (i) approximately HK\$8.0 million or 31.75% of the net proceeds from the Placing towards the repayment of debts of the Group;
- (ii) approximately HK\$9.2 million or 36.50% of the net proceeds from the Placing towards potential investments when opportunities arise; and
- (iii) approximately HK\$8.0 million or 31.75% of the net proceeds from the Placing towards replenishment of the working capital of the Group to support its business operations.

The working capital of the Company has been reduced as a result of the factoring businesses conducted by the Company during this period, while the recent coronavirus outbreak in China has also slowed down the Company's cash flow recovery. The Directors believe that the Placing will bring in additional capital to the Company and will help strengthening the cash flow position of the Group.

The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the twelve (12) months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing) are set out as follows:

Shareholders	(i) As at date of this announcement		(ii) Immediately upon completion of the Placing	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
Mr. Chen Chao	163,835,000	8.83	163,835,000	7.36
The Placees	–	–	371,180,000	16.67
Other public Shareholders	<u>1,692,068,277</u>	<u>91.17</u>	<u>1,692,068,277</u>	<u>75.97</u>
Total	<u><u>1,855,903,277</u></u>	<u><u>100.00</u></u>	<u><u>2,227,083,277</u></u>	<u><u>100.00</u></u>

Given that completion of the Placing, which is subject to fulfilment of the condition under the Placing Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 2 December 2022
“Board”	the board of Directors
“Business Day(s)”	any day on which banks in Hong Kong are open for business (other than Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Company”	NOVA Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1360)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM to allot, issue and deal with up to 20% of the then issued Shares (i.e. 371,180,655) as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares
“Placing”	the placing of up to 371,180,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 30 December 2022 in relation to the Placing
“Placing Price”	HK\$0.073 per Placing Share
“Placing Shares”	up to 371,180,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 30 December 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.