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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)

**(1) RESUMPTION GUIDANCE;
(2) QUARTERLY UPDATE ON RESUMPTION PROGRESS;
AND
(3) CONTINUED SUSPENSION OF TRADING**

This announcement is made by NOVA Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the annual results announcement of the Company for the year ended 30 June 2023 published on 29 September 2023 (the “**Annual Results Announcement**”); (ii) the annual report of the Company for the year ended 30 June 2023 published on 31 October 2023 (the “**Annual Report**”); (iii) the announcement of the Company dated 3 October 2023 in relation to the trading suspension of the Company’s shares on the Stock Exchange under Rule 13.50A of the Listing Rules; (iv) the announcement of the Company dated 19 December 2023 in relation to, among others, the resumption guidance issued to the Company by the Stock Exchange (the “**Initial Resumption Guidance**”); (v) the announcements of the Company in relation to, among others, quarterly update on resumption progress dated 2 January 2024, 2 April 2024, 2 July 2024 and 14 October 2024 respectively; and (vi) the announcement of the Company dated 2 April 2024 in relation to, among others, the additional resumption guidance issued to the Company by the Stock Exchange (together with the Initial Resumption Guidance, the “**Resumption Guidance**”) (collectively, the “**Announcements**”). Terms used in this announcement shall have the same respective meanings as those defined in the Announcements unless otherwise stated.

BUSINESS OPERATIONS

The Company is a holding company and the Group is principally engaged in the operation of cultural and entertainment comprehensive services platform and provision of loan and financing services.

As disclosed in the Annual Report, the outbreak of the COVID-19 pandemic and the implementation of a four-month long lock-down in Shanghai in 2022 had curtailed almost all consumerist businesses thereat, thus turning what was once a boom into a bust. Suffice it to say, the subsequent economic downturn in the PRC has hit hard in many walks of trade and the Group is no exception, in particular its loan business. In the meantime, the economic downturn in the PRC has yet to show any marked abatement and, as such, the Group's cultural and entertainment businesses are continually being held back. Some of the Group's NOD Union members, customers in brand management and/or long-term relationship customers have either temporarily suspended or chosen to close down their operations. In spite of the revocation of the COVID-19 social distancing measures, the economic scars lasting from it have impacted consumerist confidence by far. Even though the lockdown is now over, the continual lackluster consumerism did not bring any positive impact to the Group during the second half of 2023. The Group reckons that it is going to take time to make consumption habits finally rekindle themselves.

In November 2023, the Group, in tandem with HKSARG's endeavour to revive the local consumerist economy, commenced new clubbing operations in Central, Hong Kong, targeting customers on entertainment and wine. As disclosed in the Company's interim report published on 27 March 2024, our revenue from Club and Entertainment business segment contributed approximately HK\$4.6 million during the 1st half of this fiscal year. In addition, during the second quarter of the year 2024, we commenced the wholesaling and distribution of wine. We are of the view that such business segment will continually generate new income streams for the Group and improve our financial position.

Save as disclosed in this announcement, the Group is carrying on its business operations as usual in all material respects notwithstanding the suspension of trading in the shares of the Company.

UPDATE ON RESUMPTION PROGRESS

As disclosed in the Annual Results Announcement and the Annual Report, the Independent Auditor did not express an opinion on the consolidated financial statements of the Group for the year ended 30 June 2023 ("**Disclaimer of Opinion**"). The basis for the Disclaimer of Opinion being (a) Material Uncertainties Relating to Going Concern; (b) Recoverability of Factoring Receivables, Finance Lease Receivables and Trade Receivables; and (c) Receipts from Several Independent Third Parties, the details of which are set out on pages 144 to 150 of the Annual Report.

As set out under the Resumption Guidance, the Company shall (i) address the issues giving rise to the Disclaimer of Opinion, provide comfort that the Disclaimer of Opinion would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 13.50A of the Listing Rules; (ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and (iii) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position; (iv) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and (v) re-comply with Rule 13.92 of the Listing Rules.

With respect to the above, the Company wishes to provide updates as follows:

- (a) the Company is closely working with the PRC finance team and communicating with the Independent Auditor to address the issues giving rise to the Disclaimer of Opinion;
- (b) in addition, the Company has appointed an independent professional law firm in the PRC, to conduct an independent review and to assess the possibility and viability of taking legal proceedings against the debtors for recovering the outstanding debts. Should the legal proceedings be successful and the Company has collected the debts from the customers, the uncertainties on going concern can then be improved. Meanwhile, the Company is also seeking a new loan facility line from banks and/or other financial institutions for the purpose of sustaining the existing operations;
- (c) the Company has also engaged an independent professional law firm in the PRC to issue an independent legal opinion in relation to the Receipts from Several Independent Third Parties. The draft legal opinion shall be reviewed and assessed by the Independent Auditor, and should the Independent Auditor be satisfied that the arrangements of third party settlement are in compliance with relevant PRC laws, the qualification may be removed in the next audit;
- (d) the Company has engaged BTCGL as an independent professional firm for conducting an independent internal control review. The Company has been working closely with BTCGL since its engagement, and as at the date of this announcement, its review work has yet been completed. The expected timeframe to announce the results of the independent internal control review and the remedial actions that need to be taken by the Company is subject to further assessment by the Board, to which the Board will endeavour to do as soon as practicable; and
- (e) the Company is currently identifying suitable candidate(s) for the Company so as to fulfil and satisfy the requirement under Rule 13.92 of the Listing Rules regarding the diversity of Board members in respect of gender.

The Board will use its best endeavours to resolve all the issues pertaining to the Disclaimer of Opinion as soon as possible. However, since resolving all the issues pertaining to the Disclaimer of Opinion would require collective effort from the Company, the Independent Auditor and other external professional parties, the Board is yet to determine the timeline for fulfillment of the requirements contained in the Resumption Guidance.

The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the status and development of the Company as and when appropriate, as well as announce quarterly updates pursuant to Rule 13.24A of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 October 2023 and will remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
NOVA Group Holdings Limited
Wong Yuk Lun Alan
Chairman and Chief Executive Officer

Hong Kong, 3 January 2025

As at the date of this announcement, the Board comprises Mr. Wong Yuk Lun Alan (Chairman and Chief Executive Officer), Mr. Deng Zhonglin, Mr. Lam Wai Hung and Mr. Wong Ka Shing as executive Directors; and Mr. Tsang Wing Ki, Dr. Wong Kong Tin, JP and Mr. To Chun Wai as independent non-executive Directors.