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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 PROVISION OF FACTORING LOAN

PROVISION OF FACTORING LOAN TO THE CUSTOMER

The Board hereby announces that, after trading hours on 21 March 2022, Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreement with the Customer, pursuant to which Shanghai Shouxin has agreed to provide a recourse revolving factoring loan in a maximum principal amount of RMB37,000,000 (equivalent to approximately HK\$45,804,000) to the Customer.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the entering into of the Factoring Agreement are more than 5% but all of them are less than 25%, the provision of factoring loan under the 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.

FACTORING AGREEMENT

The Board hereby announces that, after trading hours on 21 March 2022, Shanghai Shouxin, an indirect wholly-owned subsidiary of the Company, entered into the Factoring Agreement with the Customer, pursuant to which Shanghai Shouxin has agreed to provide a recourse revolving factoring loan in a maximum principal amount of RMB37,000,000 (equivalent to approximately HK\$45,804,000) to the Customer.

The principal terms of and the arrangement under the Factoring Agreement are set out as below:

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| Date | : | 21 March 2022 |
| Parties | : | (1) the Customer (2) Shanghai Shouxin |
| Principal amount | : | RMB37,000,000 (equivalent to approximately HK\$45,804,000) |
| Financing term | : | From 22 March 2022 to 12 October 2022 |
| Interest rate | : | 8% per annum |
| Transfer of account receivable | : | Subject to the terms and conditions of the Factoring Agreement, the account receivables due from the debtor(s) of the Customer as stipulated in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be transferred to Shanghai Shouxin. |
| Interest payment | : | Interest shall be made payable by the Customer to Shanghai Shouxin on a quarterly basis. |
| Other expenses | : | Apart from the foregoing interest, the Customer 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 (as referred to hereinbelow). |

- 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 the Factoring Agreement (together with interest and other expenses payable by the Customer) pursuant to the terms and conditions of and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.
- Repurchase : In the event, among others, that: (i) any debtor(s) of the Customer disputes 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) the Customer acts in contravention of any provisions under the Factoring Agreement, Shanghai Shouxin shall have the right to demand the Customer to unconditionally repurchase the account receivables transferred to Shanghai Shouxin and repay all the outstanding sum due to Shanghai Shouxin under the Factoring Agreement.
- Grace period : Shanghai Shouxin shall be entitled to grant a grace period of not more than 31 days to the Customer for repurchasing the transferred account receivables and charge a penalty interest of 24% per annum.
- Guarantee : The Guarantor entered into the Guarantee in favour of Shanghai Shouxin in respect of the principal amount, interest, management fee and liability for breach of contract under the Factoring Agreement.

The provision of the factoring loan under the Factoring Agreement will be funded by internal resources of the Group.

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 wholesale trade of a variety of goods such as metals materials and related products. As of the date of this announcement, the Customer is wholly-owned by Petram.

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 OF THE FACTORING AGREEMENT

The provision of financing services is one of the Group's current principal business activities. The terms of the Factoring Agreement, including the principal amount, interest rate and financing term, were agreed between the parties after arm's length negotiations and are on normal commercial terms.

The Directors consider that (1) the Factoring Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms and would generate revenue and cash flow from the factoring interest income; and (2) the terms of the Factoring Agreement are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the entering into of the Factoring Agreement are more than 5% but all of them are less than 25%, the provision of factoring loan under the 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.

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| “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 |
| “Convex” | Convex Investment Pte. Ltd., an exempt private company limited by shares established in Singapore, which is held as to 50% by the Guarantor (i.e. 姚遠 (Yao Yuan*)) and 50% by Jiang Ziyu as at the date of this announcement |
| “Customer” | 遠時商貿(上海)有限公司 (Yuanshi Business (Shanghai) Co., Ltd*), a company established in the PRC with limited liability |
| “Director(s)” | the director(s) of the Company |
| “Factoring Agreement” | the recourse revolving factoring agreement dated 21 March 2022, together with its underlying transaction documents, which include, among others, account receivables transfer registration agreement and account receivables repurchase agreement, entered into between the Customer and Shanghai Shouxin, as secured by the Guarantee |
| “Group” | the Company and its subsidiaries |

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| “Guarantee” | a guarantee contract entered into between Shanghai Shouxin on one part of creditor and the Guarantor on the other part of guarantor to ensure performance of the Factoring Agreement |
| “Guarantor” | Yao Yuan, one of the ultimate shareholders, the sole director and legal representative of the Customer |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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 |
| “Petram” | Petram Pte. Ltd., an exempt private company limited by shares established in Singapore, which is wholly-owned by Convex as at the date of this announcement |
| “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 PRC and Taiwan |
| “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 |
| “Singapore” | the Republic of Singapore |

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| “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 = RMB0.80779.

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

Hong Kong, 21 March 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.