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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) KEY FINDINGS AND RESULTS OF THE INTERNAL CONTROL REVIEW; AND (2) 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; (ii) the annual report of the Company for the year ended 30 June 2023 published on 31 October 2023; (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; (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, 14 October 2024, 3 January 2025 and 3 April 2025 respectively; (vi) the announcements of the Company dated 2 April 2024 and 11 February 2025 in relation to, among others, the additional resumption guidance issued to the Company by the Stock Exchange; (vii) the annual results announcement of the Company for the year ended 30 June 2024 published on 28 March 2024; and (viii) the announcement dated 24 April 2025 in relation to, among others, the decision of the Listing Committee on cancellation of the Company’s listing (the “**LC Decision**”) and the review request of the LC Decision made by the Company (collectively, the “**Announcements**”). Terms used in this announcement shall have the same respective meanings as those defined in the Announcements unless otherwise stated.

(1) BACKGROUND AND SCOPE OF THE INTERNAL CONTROL REVIEW

As disclosed in the Announcements, the Stock Exchange sets out the resumption guidance (the “**Resumption Guidance**”) for the Company to, among others, conduct the 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.

To comply with the Resumption Guidance, the Company has engaged BT Corporate Governance Limited as the independent internal control consultant (the “**Internal Control Consultant**”) to conduct an independent internal control review (the “**Internal Control Review**”) and a follow-up review on the remedial measures adopted by the Company (the “**Follow-up Review**”) to assist the management of the Company in strengthening the internal control systems of the Group.

The Internal Control Review covered the review of the key system control procedures relating to the areas of “Financing Income and Receipts Cycle (Financing Business)”, “Revenue and Receipts Cycle (Cultural and Entertainment Business)”, and “Cash and Treasury Management Cycle” of the Group’s principal operating subsidiaries during the period from 1 July 2022 to 31 December 2023.

(2) RESULTS OF INTERNAL CONTROL REVIEW AND INTERNAL CONTROL REMEDIATION FOLLOW UP REPORT

The Internal Control Consultant identified a number of internal control deficiencies in the report. The management of the Company has provided their responses and outlined remediation plans for all identified deficiencies aimed at enhancing the Company's internal control system. The Board has reviewed the report and discussed these plans with the Internal Control Consultant. Certain identified deficiencies that were considered material are summarized as follows:

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
Financing Business			
1	Absence of formal comprehensive written policy and procedures for financing income and receipts management	It is recommended that the formal comprehensive written policy and procedures for financing income and receipts management should be established and communicated to the relevant employees to ensure that business practice and procedures of the business unit can be consistently implemented.	According to the annual results announcement of the Company for the year ended 30 June 2024, there was no revenue generated from the financing business (the " Financing Business ") during the year ended 30 June 2024 due to the suspension of acceptance of new business and customers. In addition, the Directors determined to fully write-off the factoring receivables, finance lease receivables and trade receivables for the year ended 30 June 2024, after considering several factors, as there is no realistic prospect of recovery. It is expected that there will be no revenue generated from the Financing Business for the years ending 30 June 2025 and 30 June 2026. The Group is not planning to engage in such business in the foreseeable future.
2	Cases of absence of risk management committee approval form prepared	It is recommended that the risk management committee approval form should be prepared for all loans, and the risk management committee approval form should be signed by all designated authorised personnel.	
3	Background check procedures on customers not comprehensive enough	<p>It is recommended that the operation officer should obtain the supporting documents from third parties such as bank statements of the customer to assess whether the customer had adequate cash flow for loan repayment. The cash flow adequacy of the customer should be taken into account when determining the maximum credit limit available to the customer.</p> <p>Moreover, it is recommended that the operation officer should obtain additional information of the customer, such as accounts receivable aging analysis and cash flow statement of the customer, to assess the recoverability of receivables and the liquidity of the customers.</p>	<p>After considering the cost and benefit under the current situation, the Group decided not to take up the advice and recommendations suggested by the Internal Control Consultant unless the Group engages in the Financing Business again.</p> <p>No follow-up work is required.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
4	Factoring project assessment and approval procedures on buyers yet to be strengthened	<p>It is recommended that the operation officer should obtain the supporting documents from third parties such as bank statements of the buyer to assess whether the buyer had adequate cash flow for loan repayment. The cash flow adequacy of the buyer should be taken into account when determining the maximum credit limit available to the buyer.</p> <p>Moreover, it is recommended that the level of cash and cash equivalent of the buyer should be taken into consideration during assessment of the buyer's repayment ability in the factoring project due diligence report. In addition, it is recommended that the operation officer should obtain additional information of the buyer, such as accounts receivable aging analysis and cash flow statement, to assess the cashflow of the buyer.</p> <p>Besides, the factoring project due diligence report should be provided to the management of the business unit for review and approval.</p>	
5	Cases of absence of approval from the finance manager on the factoring loan payment approval form	It is recommended that all factoring loan payment approval forms should be properly approved by the risk management manager, finance manager and the general manager with evidence of sign-off before granting the loans to the customers.	
6	Regular factoring project review procedures yet to be strengthened	It is recommended that the operation department and risk management department should prepare the monthly factoring project review checklist and quarterly post-loan review report on a regular basis, and submit it to the designated authorised personnel for review with evidence of sign-off.	

No.	Issue identified	Rectification recommendations	Management’s response/ Remediation status
7	Lack of documentation of regular reconciliation of outstanding receivables balance with customers	It is recommended that regular reconciliation should be documented. A formal statement of accounts should be prepared and sent to the customers on a regular basis. The statement of accounts should be properly reviewed and signed by the designated authorised personnel before it is sent to the customers. Besides, the customers should be requested to confirm the outstanding receivables balance in writing.	
8	Debt collection procedures not complied with the company policy	It is recommended that the staff should strictly follow the policy established by the business unit. The operation officer should issue the overdue repayment reminder when the customer did not make the repayment within the time limit and conduct on-site collection.	
Cultural and Entertainment Business			
9	Absence of formal comprehensive written policy and procedures for revenue and receipts management	It is recommended that the formal comprehensive written policy and procedures for revenue and receipts management should be established and communicated to the relevant employees to ensure that business practice and procedures of the business units can be consistently implemented.	According to the annual results announcement of the Company for the year ended 30 June 2024, the revenues generated from the brand management and the trading of goods of the cultural and entertainment business (the “Cultural and Entertainment Business”) in the PRC were insignificant during the year ended 30 June 2024 due to the aftermath impact of COVID-19 pandemic. In addition, according to the preliminary profit forecast of the Group for the years ending 30 June 2025 and 30 June 2026, no revenue will be generated from the brand management business and trading of goods business. Therefore, the Group is not planning to engage in such businesses in the foreseeable future, and decided not to take up the advice and recommendations suggested by the Internal Control Consultant unless the Group will engage in such businesses again.

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
			<p>Currently, the Group is focusing on the sales and distribution of goods business, with a focus on Chinese liquor (mainly are popular Chinese brandy) to corporate customers through wholesales and to retail customers through consignment sales. The Group primarily focuses on selling Chinese liquor to corporate customers located in Hong Kong (the “Response to the Cultural and Entertainment Business”).</p> <p>For the sales and distribution of goods business, the Group has established the written policy and procedures for the revenue and receipts management in relation to the sales and distribution of goods business.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant noted that the Company has established the “Sales Policy Manual” to govern the sales and distribution of goods business, including the customer background check process, sales procedure (including three segments, namely Chinese liquors, consignment sales, and other goods), managing customer credit, collection procedure of accounts receivable, and provisioning for doubtful debt.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
10	Absence of written evidence of background checks performed for new customers	It is recommended that the results of the background checks performed on new customers (i.e. company size, business model, and credit history) should be properly documented, along with the supporting documents such as certified copy of the business registration certificate and financial statements, and passed to the authorized personnel (e.g. sales manager) for review and approval.	<p>Please refer to the Response to the Cultural and Entertainment Business above.</p> <p>For the sales and distribution of goods business, the Group has established background check procedures and documentation requirements.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant noted that the Company has established the background check procedures, including collecting basic information of the customers, query business registration and registration information, credit assessment and risk assessment. From the review of the sampled customers, the Internal Control Consultant noted that the background checks have been conducted by the shipping supervisor and approved by the executive Director with evidence of sign-off on the background check forms.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
11	Absence of periodic credit assessment of the customers	It is recommended that credit assessment (at least annually) should be performed for all customers, and make revision on the credit terms if necessary.	<p>Please refer to the Response to the Cultural and Entertainment Business above.</p> <p>For the sales and distribution of goods business, the Group has established the procedures for the periodic credit assessment of the customers.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant noted that the shipping supervisor of the Group prepared the "AR Credit Control Log Book" to assess the recoverability of the outstanding balance and the credit terms of each customer on a monthly basis. The "AR Credit Control Log Book" included the accounts receivable outstanding balances, credit terms, past due amount, follow up action conducted for the outstanding balance, and the customer's response. The Internal Control Consultant has obtained the "AR Credit Control Log Book" for the period from January 2025 to March 2025, noting that the "AR Credit Control Log Books" were properly prepared by the shipping supervisor and reviewed by the executive Director with evidence of sign-off.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
12	Accounts receivable management procedures yet to be strengthened	It is recommended that the results and action plans for the follow-up on the outstanding balance need to be documented, and the action plans need to be reviewed and followed up by the management to ensure that the outstanding balance is followed up properly.	<p>Please refer to the Response to the Cultural and Entertainment Business above.</p> <p>For the sales and distribution of goods business, the Group has established the accounts receivable management procedures.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant noted that the shipping supervisor of the Group prepared the "AR Credit Control Log Book" to document the follow up actions that she has performed for following up on the accounts receivable outstanding balances. The Internal Control Consultant has obtained the "AR Credit Control Log Book" for the period from January 2025 to March 2025, noting that the "AR Credit Control Log Books" were properly prepared by the shipping supervisor and reviewed by the executive Director with evidence of sign-off.</p> <p>Also, the Internal Control Consultant has obtained the "AR Ageing" Report for the business units for March 2025, noting that they were prepared by the accountant and reviewed by the executive Director with evidence of sign-off.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
13	Cases of absence of contract approval form	It is recommended that the contract approval form should be properly signed by the designated authorised personnel as evidence of approval before the administration manager stamps the company chop on the sales contract.	<p>Please refer to the Response to the Cultural and Entertainment Business above.</p> <p>For the sales and distribution of goods business, the Group has established contract approval procedures.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant noted that the Group has established the "Sales Policy Manual" to govern the sales contract approval process. The Internal Control Consultant has obtained the samples of sales contract, and noted that the sales contracts were approved and signed by the executive Director.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>
14	Cases of accounting vouchers not properly reviewed	It is recommended that the accounting vouchers should be reviewed by an independent person with evidence of sign-off.	<p>Please refer to the Response to the Cultural and Entertainment Business above.</p> <p>For the sales and distribution of goods business, the Group has established the review procedures of accounting vouchers.</p> <p>During the course of the Follow-up Review, from the Internal Control Consultant's review of the samples of sales vouchers for the business units, the Internal Control Consultant noted that the sales vouchers were properly prepared by the accountant and reviewed by the executive Director with evidence of sign-off.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
15	Absence of formal comprehensive written policy and procedures for cash and treasury management	It is recommended that the formal comprehensive written policy and procedures for cash and treasury management should be established and communicated to the relevant employees to ensure that business practice and procedures of the business unit can be consistently implemented.	<p>According to the annual results announcement of the Company for the year ended 30 June 2024, the revenues generated from the brand management and the trading of goods of the Cultural and Entertainment Business in the PRC were insignificant and no revenue was generated from the promotion and consulting services of the Cultural and Entertainment Business and the Financing Business during the year ended 30 June 2024 due to the aftermath impact of COVID-19 pandemic. The night club business of Hong Kong was ceased in February 2025. In addition, according to the preliminary profit forecast of the Group for the years ending 30 June 2025 and 30 June 2026, no revenue will be generated from the brand management business, trading of goods, promotion and consulting services, and financing business. Therefore, the Group is not planning to engage in such businesses in the foreseeable future, and decided not to follow up on establishing the formal comprehensive written policy and procedures unless the Group will engage in such businesses again.</p> <p>Currently, the Group is focusing on the sales and distribution of goods business, with a focus on Chinese liquor (mainly are popular Chinese brandy) to corporate customers through wholesales and to retail customers through consignment sales. The Group primarily focuses on selling Chinese liquor to corporate customers located in Hong Kong.</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
			<p>A comprehensive written policy and procedures was established for the above matter for the existing sales and distribution business of Hong Kong in May 2024.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant noted that the Group has established the "Treasury Management Policy", which included the bank accounts management, petty cash management, payment approval, loan management and bank reconciliation.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>
16	Payment approval procedures yet to be strengthened	It is recommended that the financial management policy and procedures should be strictly followed by the staffs. The payment application form together with the supporting documents should be submitted and properly approved with the designated personnel with evidence of sign-off. The payment application form and supporting documents should be properly documented for future reference.	<p>According to the annual results announcement of the Company for the year ended 30 June 2024, the revenue generated from the brand management of the Cultural and Entertainment Business in the PRC was insignificant and no revenue was generated from the Financing Business during the year ended 30 June 2024 due to the aftermath impact of COVID-19 pandemic. In addition, according to the cashflow forecast of the Group for the years ending 30 June 2025 and 30 June 2026, no revenue will be generated from the brand management business and Financing Business. Therefore, the Group is not planning to engage in such businesses in the foreseeable future, and decided not to follow up on the payment approval procedures unless the Group will engage in such businesses again.</p> <p>Currently, the Group is focusing on the sales and distribution of goods business, with a focus on Chinese liquor (mainly are popular Chinese brandy) to corporate customers through wholesales and to retail customers through consignment sales. The Group primarily focuses on selling Chinese liquor to corporate customers located in Hong Kong (the "Response to the Cash and Treasury Management Cycle").</p>

No.	Issue identified	Rectification recommendations	Management's response/ Remediation status
			<p>The payment application form and supporting documents should be properly documented for the Group.</p> <p>During the course of the Follow-up Review, from the Internal Control Consultant's review of the samples of payments for the business units, the Internal Control Consultant noted that the "Payment Request Forms" were properly prepared by the accountant and approved by the executive Director with evidence of sign-off.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>
17	Bank reconciliation procedures yet to be strengthened	It is recommended that bank reconciliation statement should be properly prepared and reviewed by the designated personnel. All supporting documents should be properly retained for future reference.	<p>Please refer to the Response to the Cash and Treasury Management Cycle above.</p> <p>The bank reconciliation statement should be properly prepared and reviewed by the designated personnel for the Group.</p> <p>Furthermore, a comprehensive written policy and procedures was established for the above matter for the existing sales and distribution business of Hong Kong in May 2024.</p> <p>During the course of the Follow-up Review, the Internal Control Consultant has obtained the bank reconciliation statements prepared by the accountant for the business units for March 2025, noting that the bank reconciliation statements were properly prepared by the accountant against the general ledger and bank statements, and reviewed by the executive Director with evidence of sign-off.</p> <p>The Internal Control Consultant concluded that the relevant control has been formally established.</p>

(3) FOLLOW-UP REVIEW

The Internal Control Consultant has completed the Follow-up Review and has confirmed that remedial measures have been implemented to address internal control deficiencies identified in a way that is commensurate with the level of risks associated with such deficiencies.

As at the date of this announcement, the Board confirmed that all internal control deficiencies that are considered material by the Internal Control Consultant have been fully addressed with remedial measures summarised above.

(4) VIEW OF THE BOARD

The Board has reviewed the content and the findings and results of the Internal Control Review and Follow-up Review in relation to the internal control review report (the “**IC Report**”).

The Company has been advised that the management has acknowledged and agreed with the findings and results by the Internal Control Consultant. The Company has adopted (if applicable) all advice and recommendations suggested by the Internal Control Consultant, and has adopted, revised and/or strengthened (as applicable) relevant policies and procedures of the Company. The Internal Control Consultant has conducted the Follow-up Review after the implementation of relevant remedial measures by the Group.

Having considered the IC Report and the remedial measures taken by the Company, the Board is of the view that: (a) all internal control deficiencies identified in the IC Report have been adequately addressed through appropriate recommended rectifications; (b) the remedial measures taken by the Company are sufficient and adequate; and (c) the Company has established sufficient and reliable governance, internal control, and financial reporting systems to perform its obligations under the Listing Rules.

The Board will continue to monitor the effectiveness of the Company’s internal control systems and procedures so as to meet its obligations under the Listing Rules and ensure reasonable and adequate internal control policies and procedures are in place and commensurate with its business operations.

(5) 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
Woo Lan Ying
Chairman

Hong Kong, 30 April 2025

As at the date of this announcement, the Board comprises Ms. Woo Lan Ying, Mr. Deng Zhonglin 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.