



**Nova LifeStyle, Inc. Takes Action to Reinstate Investor
Confidence Damaged By Malicious Research Report**

and

**Discloses Initiation of Class Action Litigation Precipitated by
that Malicious Research Report**

LOS ANGELES, January 2, 2019 (GLOBE NEWSWIRE) -- **Nova LifeStyle, Inc. (NASDAQ: [NVFY](#))** today responded to a document published by Seeking Alpha on December 21, 2018. The document is a self-styled research report regarding the Company (the “Purported Research Report”). The Purported Research Report was apparently generated by an Eastern European firm apparently formed in 2017 and called Andri Capital. The Purported Research Report contains a “Sell” recommendation, and purports to present evidence that a substantial portion of the Company’s sales to four of the Company’s largest customers during the relevant past is not legitimate, and it posits that as a consequence the Company’s operating results have been substantially overstated. Exactly one month earlier Andri Capital issued a report on Seeking Alpha concluding that the Company’s Common Stock was significantly undervalued with a “Buy” recommendation. Within the month preceding the Purported Research Report and before Andri Capital published the reversal in its advice that the stock was substantially undervalued, Andri Capital accumulated a large short position which Andri Capital disclosed in its December 21, 2018 Purported Research Report. Following the publication of the Purported Research Report, the market price of the Company’s Common Stock suffered a rapid decline, and a number of putative class action complaints that largely parrot the assertions set forth in the Purported Research Report have followed. To date the Company is aware that the following complaint has been filed: George Barney, Individually and on behalf of all others similarly situated v Nova Lifestyle, Inc., Thanh H. Lam, Ya Ming Wong, Jeffery Chuang, and Yuen Ching Ho, Defendants. Case No. Case 2:18-cv-10725 (US District Court for the Central District of California); and the Company understands that additional complaints have been filed but the

Company has not yet seen them and these cases are: Bronstein, Gewirtz & Grossman, LLC that represents certain shareholders filed lawsuit against the Company and certain of its officers; Gainey McKenna & Egleston that represents certain shareholders filed lawsuit against the Company; and Bragar Eagel & Squire, P.C. that represents certain shareholders filed lawsuit against the Company.

Management believes that the conclusions set forth in the Purported Research Report are baseless; and further that the report is malicious and manipulative, intended to serve the interests of the author (and his organization) who disclosed that he accumulated a short position in advance of the publication of the report. The complaints that have been filed are based largely upon the insidious claims set forth in the Purported Research Report, and are baseless. The Company will defend those lawsuits. The Company is also considering the assertion of direct claims against anyone that has caused damage to the Company.

The Audit Committee has acted promptly to address the concerns raised in the Purported Research Report, and to reinstate the market confidence that the Purported Research Report so severely undermined. The Audit Committee has engaged independent counsel, expert in addressing such matters, to advise it, and it has engaged the Company's auditor to perform special procedures to confirm the reported sales. Those procedures include but are not limited to the examination and testing of relevant documentation relating to the sales made by the Company to the customers identified in the Purported Research Report for the periods 2015-2018. Those procedures will include 100% sampling of all transactions between the Company and the subject customers. Once the special procedures are completed, reviewed, and to the extent necessary supplemented by the Audit Committee with the advice of its independent counsel, the Audit Committee will disclose the results of that work. The Audit Committee expects that this process will take approximately two months.

About Nova LifeStyle

Nova LifeStyle, Inc., a NASDAQ Global Market listed company headquartered in California, is a fast growing, innovative designer and distributor of modern LifeStyle furniture; primarily sofas, dining rooms, cabinets, office furniture and related components, bedrooms, and various accessories in matching collections. Nova's products are made in the US, Europe, and Asia that include LifeStyle brands such as Diamond Sofa, Nova QwiK, and Bright Swallow

International. Nova's products feature urban contemporary styles that integrate comfort and functionality, incorporating upscale luxury designs appeals to middle and upper middle-income consumers in the USA, China, Europe, and elsewhere in the world. Visit Nova LifeStyle's website at www.NovaLifeStyle.com.

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