



F A R N O V A

FARNOVA GROUP HOLDINGS LIMITED

法諾集團控股有限公司

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 8153

2022

FIRST QUARTERLY REPORT

第一季度報告

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Director(s)”) of Farnova Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

香港聯合交易所有限公司(「聯交所」) GEM之特色

GEM之定位，乃為相比起其他在聯交所上市之公司帶有較高投資風險之公司提供一個上市之市場。有意投資之人士應瞭解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。GEM之較高風險及其他特色表示GEM較適合專業及其他經驗豐富之投資者。

由於GEM上市公司新興之性質使然，在GEM買賣之證券可能會較於聯交所主板買賣之證券承受較大市場波動風險，同時無法保證在GEM買賣之證券會有高流通量之市場。

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本報告乃按照聯交所GEM證券上市規則(「GEM上市規則」)而刊載，旨在提供有關法諾集團控股有限公司(「本公司」)之資料，本公司各董事(「董事」)願就本報告所載資料共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等所深知及確信，本報告所載資料在各重大方面均屬準確及完整，且無誤導或欺詐成份，以及本報告並無遺漏其他事項，致使本報告所載之任何陳述或本報告有所誤導。

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overview

The Group derives its revenue mainly from (i) the provision of advertising services and (ii) sales of new energy electric vehicle.

For the three months ended 30 June 2022 (the "Period"), the Group's revenue amounted to approximately HK\$19.4 million, representing a decrease of 9.6% when compared to that of approximately HK\$17.7 million for the three months ended 30 June 2021 (the "Preceding Period"), which was solely derived from its advertising services business. No revenue was recorded from the sales of new energy electric vehicles during the Period.

The Group recorded a loss of approximately HK\$3.7 million for the Period as compared to a profit of approximately HK\$0.2 million for the Preceding Period.

Advertising

Despite the resurgence of COVID-19 during the Period, the Group's advertising services business performed satisfactorily with a revenue stood at approximately HK\$19.4 million, as compared to that of approximately HK\$17.7 million, recorded in the Preceding Period representing an increase of approximately 9.6%. It was mainly attributed by the contribution of revenue resulting from the completion of acquisition of 51% equity interests in Beijing Creative Communication International Cultural Media Co., Ltd. ("Beijing Creative") in March 2022 and the expansion of clientele base resulting from the improvement of the overall operation efficiency of the advertising team and enhancement of value-added advertising services offering by the Group to its clients. During the Period under review, Beijing Creative has contributed approximately HK\$1.4 million of revenue to the Group.

管理層討論及分析

業務及財務回顧

概覽

本集團之收入主要來自(i)提供廣告服務及(ii)銷售新能源電動汽車。

截至二零二二年六月三十日止三個月(「本期間」)，本集團收入約為19.4百萬港元，完全來自其廣告服務業務，較截至二零二一年六月三十日止三個月(「上一期間」)約17.7百萬港元增加9.6%。於本期間銷售新能源電動汽車概無錄得收入。

本集團於本期間錄得約3.7百萬港元虧損，而上一期間則約為0.2百萬港元溢利。

廣告

儘管再次爆發2019冠狀病毒病，本集團的廣告服務業務表現理想，其收入約為19.4百萬港元，較上一期間錄得的約17.7百萬港元增加約9.6%。這主要得益於二零二二年三月完成收購北京創意樂喜國際文化傳媒有限公司(「北京創意」)的51%股權後貢獻了收益，以及提升了廣告團隊的整體經營效率並完善了本集團向客戶提供的增值廣告服務，從而擴展客戶基礎。於回顧期間，北京創意貢獻本集團收入約1.4百萬港元。

However, the Group's gross profit margin in respect of its advertising services business for the Period decreased to approximately 24.7% as compared to that of approximately 35.0% in the corresponding period last year. The gross profit margin was eroded by the significant increase in the cost of services. During the period under review, the production and staff costs increased significantly due to inflation.

As previously announced on 24 December 2021, the Group entered into an agreement to acquire 51% of the equity interests in Beijing Creative, which is principally engaged in the advertising business in the PRC. Through the acquisition, the Group has further expanded its advertising services business in the PRC and diversify its clientele. Furthermore, Beijing Creative possessed solid experience in product promotion and events marketing, which in turn, has created a synergy with the Group's sales of new energy electric vehicles in the PRC. Completion of the acquisition took place on 21 March 2022 upon fulfilment of all conditions precedent. From this onwards, Beijing Creative has become a direct non-wholly owned subsidiary of the Group and its financial results and position have been consolidated into the Company's financial statements.

During the Period, Beijing Creative has secured new marketing and advertising services contracts with clients in the PRC, which will bring in additional revenue stream in the upcoming years and strengthen the Group's brand equity in the PRC.

New energy electric vehicle

Despite the impact of COVID-19 during the Period, the new energy vehicle industry showed positive growth. Driven by the directions of the national policies in the PRC, the Group considered that development of the new energy automobile industry will continue to improve.

The Group had previously entered into agreements in relation to sales of more than an aggregate of more than 5,000 units including pick-up trucks and sports cars, however, no schedules have been fixed for delivery during the Period. Notwithstanding the aforesaid, the Group has devoted efforts to develop its own production capacity in order to streamline production and to shorten production lead times with a view to enhancing its revenue and profitability in this business segment

然而，本集團廣告服務業務於本期間的毛利率下降至約24.7%，而上一年同期則約為35.0%。毛利率因服務成本大幅增長而減少。於回顧期間，生產和員工成本因通脹大幅增長。

誠如先前於二零二一年十二月二十四日所公佈，本集團訂立協議以收購北京創意（主要於中國從事廣告業務）的51%股權。通過該收購，本集團進一步擴大其位於中國的廣告服務業務並使其客戶多樣化。此外，北京創意在產品推廣及活動營銷方面擁有紮實經驗，反過來與本集團在中國銷售新能源電動汽車創造了協同效應。所有先決條件達成後，收購事項已於二零二二年三月二十一日完成。此後，北京創意成為本集團之直接非全資子公司，其財務業績及狀況已併入本公司之財務報表。

於本期間，北京創意獲得與中國客戶的新營銷及廣告服務合約，該合約將在未來幾年帶來額外收入並提升本集團於中國的品牌資產。

新能源電動汽車

儘管本期間受2019冠狀病毒病的影響，新能源汽車行業仍呈現正向增長。在中國國家政策方向的推動下，本集團認為新能源汽車產業的發展將不斷向好。

本集團先前已簽訂有關銷售超過總計5,000輛包括皮卡及跑車在內的合同，然而本期間內尚未確定交貨時間表。儘管如上文所述，本集團致力於發展自身的生產能力，以簡化生產並縮短生產提前期，以期提高其在該業務分部的收入和盈利能力，同時減少對第三方製造商的依賴。本集團亦已於截至二零二二年三月三十一日止年度順利開發並

while reducing its reliance on third party manufacturers. The Group had also during the year ended 31 March 2022 successfully developed and released the second generation of Farnova Othello, an electric super car, as well as other new energy automobiles for public transportation and commercial application, which received favorable feedbacks in both the PRC and overseas new energy electric vehicle markets.

In adherence to its strategy to developing its own production capacity and diversifying its product mix, the Group has proactively sought to cooperate with other leading players in the new energy vehicle industry through collaborations and/or equity acquisition in order to diversify its lineup of new energy vehicles and expand its market share in the industry. The Group will continue to exploit the opportunities in engaging with the renowned automobile manufacturers and top tier design teams houses to expand its reach to overseas markets and serve to enhance the Group's technical abilities as well as develop its overseas manufacturing capabilities to capture the market growth. In line with the above strategy, the Group will also continue to recruit market talents to bring in new inspiration and innovative ideas in respect of autonomous driving technology to the Group.

Administrative expenses

During the Period under review, the Group's administrative expenses significantly increased by approximately 41.1% to approximately HK\$7.9 million, as compared to that of approximately HK\$5.6 million for the corresponding period last year, which mainly comprised of staff salaries and emoluments, depreciation charges of property, plant and equipment, as well as legal and professional fees. The substantial increase in the Group's administrative expenses was primarily attributable to the increase in staff costs and other general expenses from Beijing Creative, which financial results have been consolidated into the Company's financial statements after completion of acquisition of its 51% equity interests in March 2022. Owing to the increased number of staff during the Period, the staff salaries and emoluments increased by approximately 47.1% to approximately HK\$2.5 million, as compared to that of approximately HK\$1.7 million of the same period last year. Furthermore, the Group also incurred additional depreciation charges from property, plant and equipment resulting from the development of the new energy electric vehicle business during the Period.

推出第二代法諾奧賽羅超級電動車，以及其他公共交通及商用的新能源汽車，在中國及海外新能源電動車市場均獲得好評。

本集團堅定其發展自身生產能力及多元化產品組合的策略，透過協作及／或股權收購積極尋求與新能源汽車內其他領先參與者合作，以豐富其新能源汽車產品線及擴大其行業市場份額。本集團將繼續探索與知名汽車製造商和頂級設計團隊工作室合作的機會，拓展海外市場、提升本集團的技術能力以及發展其海外製造能力，以攫取市場增長。為配合上述策略，本集團亦將繼續招聘市場人才，為本集團帶來有關自動駕駛技術的全新靈感和創新理念。

行政開支

於回顧期間，本集團之行政開支大幅增加約41.1%至約7.9百萬港元，而去年同期之行政開支約為5.6百萬港元，主要包括員工薪資及酬金、物業、機器及設備折舊開支以及法律及專業費用。本集團行政開支之大幅增加主要是由於北京創意的員工成本及其他一般開支增加，於2022年3月完成收購北京創意51%的股權後，北京創意的財務業績已併入本公司之財務報表。由於本期間員工人數的增加，員工薪資及酬金增加約47.1%至約2.5百萬港元，而上一年同期則約為1.7百萬港元。此外，本集團於本期間亦因開發新能源電動汽車業務產生額外物業、機器及設備折舊開支。

Finance costs

The Group's finance costs, comprising interests on borrowings, bonds and lease liabilities, decreased by approximately 20.0% to approximately HK\$337,000 for the Period, as compared to that of approximately HK\$421,000 for the corresponding period last year. The decrease of interest on bonds by approximately HK\$199,000 was offset by the increase of interest on borrowings by approximately HK\$133,000 during the Period under review.

Loss and total comprehensive expense for the period

The Group recorded a loss and total comprehensive expenses for the Period of approximately HK\$3.7 million and HK\$1.1 million, respectively, as compared to a profit and total comprehensive income of approximately HK\$0.2 million and approximately HK\$0.2 million, respectively. The change from a profit to a loss was primarily attributable to the decrease in gross profit resulting from the drop in the gross profit margin of the Group's advertising services business.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE AND TREASURY POLICIES

The majority of the transactions, assets and liabilities of the Group was denominated in Renminbi and Hong Kong dollars. During the Period under review, no financial instruments were used for hedging purpose, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk as at 30 June 2022.

融資成本

本集團於本期間的融資成本(包括借款、債券及租賃負債的利息)減少約20.0%至約337,000港元，而去年同期則為約421,000港元。於回顧期間，債券利息減少約199,000港元為借款利息增加約133,000港元所抵銷。

期內虧損及全面開支總額

本集團錄得期內虧損及全面開支總額分別約3.7百萬港元及1.1百萬港元，而去年同期的溢利及全面收益總額分別約0.2百萬港元及約0.2百萬港元。由盈轉虧主要是由於本集團廣告服務業務的毛利率下降導致毛利減少所致。

匯率波動風險及財資政策

本集團大多數交易、資產及負債以人民幣及港元計值。於回顧期內，並無就對沖目的使用金融工具，且本集團並無承諾使用任何金融工具對沖匯率風險，因為預期匯率風險並不重大。高級管理層將繼續監控外匯風險，並在必要時考慮適用的衍生工具。於二零二二年六月三十日，本集團並無持有任何衍生工具以對沖匯率風險。

PROSPECTS

Despite the resurgence of the COVID-19 during the first quarter after the year ended 31 March 2022, it is expected that with the effective controls on the pandemic and gradual relaxation of the travel and quarantine restrictions world-wide, market sentiments will improve. Coupled with the promulgation of favorable national policies by the central and local governments in the PRC on automobile industry, in particular, the new energy vehicles, the Group anticipated that the pace of recovery of new energy vehicle market as well as the business of its advertising services segment will pick up quickly once the macro economy has re-bounded.

Following the completion of equity acquisition of Beijing Creative in March 2022, the Group has successfully stepped in the advertising services market in the PRC. With the support from a strong sales and marketing team and the “one-shop” value-added services offering to its clients, the Group is confident on the growth of its advertising services business in both Hong Kong and the PRC, which will have spectacular achievements in the years to come.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022.

HUMAN RESOURCES

As at 30 June 2022, the Group had about 55 employees in total, stationed mainly in the PRC and Hong Kong. The total staff costs, including key management’s remuneration, amounted to approximately HK\$2.5 million (three month ended 30 June 2021: HK\$1.7 million). The Group’s emolument policies, which are reviewed periodically, are linked to the performance of individual employees and are based on the salary trends prevailing in the aforesaid regions.

前景

儘管截至二零二二年三月三十一日止年度後第一季度再度爆發2019冠狀病毒，預期疫情在獲得有效控制，全球旅行及隔離限制逐步放寬後，市場情緒將會有所好轉。隨著中國中央及地方政府頒佈利好汽車行業，尤其是新能源汽車的國家政策，本集團預期，一旦宏觀經濟反彈，新能源汽車市場以及其廣告服務分部的恢復速度將會加快。

於二零二二年三月完成北京創意的股權收購後，本集團成功步入中國廣告服務市場。憑藉強大的營銷團隊的支持和為客戶提供的「一站式」增值服務，本集團對其廣告服務業務在香港和中國同時取得增長並於來年取得預期成就滿懷信心。

或然負債

於二零二二年六月三十日，本集團並無任何重大或然負債。

人力資源

於二零二二年六月三十日，本集團合共有大約55名僱員，主要派駐於中國及香港。包括主要管理層薪酬在內的員工成本總額約為2.5百萬港元（截至二零二一年六月三十日止三個月：1.7百萬港元）。本集團的薪酬政策與個別僱員的表現掛鉤，並根據上述地區普遍的薪酬趨勢而定定期檢討。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the ordinary share of HK\$0.0004 each in the share capital of the Company ("Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register which is required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the GEM Listing Rules were as follows:

Long positions in the Shares

| Name of Director and chief executive 董事及主要 行政人員姓名 | Capacity 身份 | Number of Shares held (Note) 持有股份數目 (附註) | Approximate percentage of shareholding 近似持股比例 |
|---------------------------------------------------------|---------------------------|------------------------------------------------|--------------------------------------------------|
| Mr. Guo Gelin 郭格林先生 | Beneficial owner 實益擁有人 | 428,065,752 | 3.72% |
| Mr. Wang Hanjing 王漢景先生 | Beneficial owner 實益擁有人 | 74,055,000 | 0.87% |
| Mr. Mou Zhongwei 牟忠緯先生 | Beneficial owner 實益擁有人 | 15,000,000 | 0.18% |

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by Directors.

董事及主要行政人員於本公司或任何相聯法團之股份及相關股份之權益及淡倉

於二零二二年六月三十日，各董事及本公司主要行政人員在本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之本公司股本中每股面值0.0004港元之普通股(「股份」、相關股份及債權證中，擁有須記錄於本公司根據證券及期貨條例第352條存置之登記冊內之權益及淡倉，或根據證券及期貨條例或GEM上市規則須以其他方式知會本公司及聯交所之權益及淡倉如下：

於股份之好倉

除上文所披露者外，於二零二二年六月三十日，概無董事或本公司主要行政人員在本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份及相關股份中，擁有任何根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉(包括彼等根據證券及期貨條例之有關條文予以當作或視為擁有之權益及淡倉)，或根據證券及期貨條例第352條須記錄於該條所指之登記冊內之權益或淡倉，或根據有關董事進行證券交易之GEM上市規則第5.46至5.67條須知會本公司及聯交所之權益或淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' interests and short positions in Shares and underlying Shares of the Company or any associated corporation" and "Share Option Scheme", at no time during the three months ended 30 June 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, so far as was known to the Directors, no persons or corporation (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the shareholders of the Company and became effective on 27 March 2020 and shall remain in force for a period of 10 years from that date. The share option scheme mandate limit was refreshed to 10% of the issued Shares at the date of special general meeting of the Company (the "SGM") held on 27 March 2020.

As at 30 June 2022, the number of Shares available for issue under the scheme was 490,239,192 Shares. As at the date of this report, no share option has been granted under the share option scheme of the Company.

董事購買股份或債權證之權利

除「董事及主要行政人員於本公司或任何相聯法團之股份及相關股份之權益及淡倉」及「購股權計劃」各節所披露者外，於截至二零二二年六月三十日止三個月，概無任何董事或彼等各自之配偶或年幼子女獲授任何可透過收購本公司股份或債權證獲益之權利；或彼等亦無行使任何有關權利；而本公司或其任何子公司並無訂立任何安排使董事可於任何其他法人團體取得該等權利。

主要股東於本公司股份及相關股份之權益及淡倉

於二零二二年六月三十日，就董事所知，概無人士或法團（並非董事或本公司主要行政人員）於股份或相關股份中擁有或被視為擁有根據證券及期貨條例第XV部第2及3分部之規定須向本公司披露及記錄於本公司根據證券及期貨條例第336條規定須予存置之登記冊內之權益或淡倉。

購股權計劃

本公司股東已採納一項購股權計劃，計劃自二零二零年三月二十七日起生效，且於自當日起計10年期內持續生效。購股權計劃授權限額於本公司二零二零年三月二十七日舉行之股東特別大會（「股東特別大會」）上獲更新至當日已發行股份的10%。

於二零二二年六月三十日，根據計劃可發行之股份數目為490,239,192股。於本報告日期，概無根據本公司之購股權計劃授出購股權。

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to GEM Listing Rules for the three months ended 30 June 2022, save and except for the following:

1. Code provision A.1.3 requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavor to give 14 days' advanced notifications of Board meeting to the extent practicable.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct regarding securities transactions by the Directors for the three months ended 30 June 2022.

COMPETING INTEREST

During the three months ended 30 June 2022, none of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) had any interests in any business that competed or may compete with the business of the Group.

企業管治常規

董事會認為，本公司於截至二零二二年六月三十日止三個月已遵守GEM上市規則附錄十五所載企業管治守則及企業管治報告之全部守則條文，惟下文所述者除外：

1. 守則條文A.1.3條規定，召開董事會定期會議應向全體董事發出至少14天通知，令彼等得以抽空出席。就召開所有其他董事會會議而言，應發出合理通知。基於不切實可行，本公司並無就所有董事會會議發出14天事先通知。本公司已在有關董事會會議通知內說明發出14天事先通知屬不切實可行之原因。董事會將在實際可行情況下盡力就董事會會議發出14天事先通知。

董事進行證券交易之行為守則

於回顧期間，本公司繼續採納董事進行證券交易之行為守則，其條款不遜於GEM上市規則第5.48至5.67條所載交易之規定準則。經向全體董事作出具體查詢後，董事於截至二零二二年六月三十日止三個月已遵守有關董事進行證券交易之行為守則。

競爭權益

於截至二零二二年六月三十日止三個月，董事或本公司管理層股東(定義見GEM上市規則)概無於與本集團業務構成或可能構成競爭之任何業務中擁有任何權益。

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the three months ended 30 June 2022.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review the Group's annual report and accounts, half-year report and quarterly reports and to provide advice and comments thereon to the Board and to review and to provide the oversight of the financial reporting system, risk management and internal control system of the Group.

During the Period, the Audit Committee consists of one non-executive director and three independent non-executive Directors, namely Mr. Kuang Quanzhuang, Mr. Luo Ji, Ms. Wu Hong and Mr. Li Jianxing. Mr. Li is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited first quarterly report and results for the three months ended 30 June 2022, and was of opinion that the preparation of such report and results complied with applicable accounting standards and the GEM Listing Rules and that adequate disclosure had been made.

By order of the Board
Farnova Group Holdings Limited
Guo Gelin
Chairman

Hong Kong, 12 August 2022

As of the date of this report, the executive Directors are Mr. Guo Gelin, Mr. Mou Zhongwei and Mr. Deng Li; the non-executive Directors are Mr. Kuang Quanzhuang, Mr. Li Guangying and Mr. Wang Hanjing; and the independent non-executive Directors are Mr. Luo Ji, Ms. Wu Hong and Mr. Li Jianxing.

購買、出售或贖回上市證券

於截至二零二二年六月三十日止三個月，本公司或其任何子公司概無購買、贖回或出售任何本公司之上市證券。

審核委員會

審核委員會之主要職責為審閱本集團之年報及賬目、半年度報告及季度報告，並就此向董事會提供意見及建議，以及審閱及監督本集團之財務申報系統、風險管理及內部監控系統。

於本期間，審核委員會由一名非執行董事及三名獨立非執行董事組成，即鄭權壯先生、羅輯先生、吳紅女士及李建行先生。李先生為審核委員會主席。

審核委員會已審閱截至二零二二年六月三十日止三個月之未經審核第一季度報告及業績，並認為有關報告及業績於編製時已遵照適用會計準則及GEM上市規則，並已作出充分披露。

承董事會命
法諾集團控股有限公司
主席
郭格林

香港，二零二二年八月十二日

於本報告日期，執行董事為郭格林先生、牟忠緯先生及鄧里先生；非執行董事為鄭權壯先生、李光營先生及王漢景先生；及獨立非執行董事則為羅輯先生、吳紅女士及李建行先生。

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") hereby presents the unaudited consolidated results of the Group for the Period, together with the unaudited comparative figures for the Preceding Period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2022

第一季度業績(未經審核)

董事會(「董事會」)謹此呈列本集團於本期間之未經審核綜合業績連同二零二一年上一期間之未經審核比較數字如下：

簡明綜合損益及其他全面收益表(未經審核)

截至二零二二年六月三十日止三個月

| | | Three months ended 30 June 截至六月三十日止三個月 | | |
|---------------------------------------------------------------|-----------------|----------------------------------------------|----------------------------------|----------------------------------|
| | | Notes 附註 | 2022 二零二二年 HK\$'000 千港元 | 2021 二零二一年 HK\$'000 千港元 |
| Revenue | 收入 | 3 | 19,376 | 17,692 |
| Cost of sales and services | 銷售及服務成本 | | (14,620) | (11,460) |
| Gross profit | 毛利 | | 4,756 | 6,232 |
| Other income | 其他收入 | 4 | 4 | 17 |
| Administrative expenses | 行政開支 | | (7,854) | (5,586) |
| Finance costs | 融資成本 | 5 | (337) | (421) |
| (Loss)/profit before income tax | 除所得稅前(虧損)/溢利 | 6 | (3,431) | 242 |
| Income tax expense | 所得稅開支 | 7 | (234) | - |
| (Loss)/profit for the period | 期間(虧損)/溢利 | | (3,665) | 242 |
| Other comprehensive income | 其他綜合收入 | | | |
| Item that may be reclassified subsequently to profit or loss: | 其後可能重新分類至損益之項目： | | | |
| Exchange differences on translation of foreign operations | 換算海外業務產生之匯兌差額 | | 2,593 | - |
| Total comprehensive (expense)/income for the period | 期間全面(開支)/收益總額 | | (1,072) | 242 |

CONDENSED CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)

(continued)

簡明綜合損益及其他全面收益
表(未經審核)(續)

| | | Three months ended 30 June | |
|----------------------------------------------------------------------|----------------------|---------------------------------------|----------------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| | Notes 附註 | | |
| (Loss)/profit for the period attributable to: | 以下人士應佔期間(虧損)/溢利: | | |
| - Owners of the Company | - 本公司擁有人 | (3,533) | 242 |
| - Non-controlling interests | - 非控股權益 | (132) | - |
| | | (3,665) | 242 |
| Total comprehensive (expense)/income for the period attributable to: | 以下人士應佔期間全面(開支)/收益總額: | | |
| - Owners of the Company | - 本公司擁有人 | (1,065) | 242 |
| - Non-controlling interests | - 非控股權益 | (7) | - |
| | | (1,072) | 242 |
| (Loss)/profit per share attributable to owners of the Company: | 本公司擁有人應佔每股(虧損)/溢利 | | |
| - Basic and diluted | - 基本及攤薄 | 0.0483 | 0.0033 |
| | 8 | HK cents 港仙 | HK cents 港仙 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2022

簡明綜合權益變動表(未經審核)

截至二零二二年六月三十日止三個月

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | Non-controlling interests | | Total equity |
|------------------------------------------------------------|-----------------------|---------------------------------------------------|-----------------------|-----------------------|-----------------------|--------------------|---------------------------|----------|--------------|
| | | Share capital | Share premium | Merger reserve | Exchange reserve | Accumulated losses | Total | | |
| | | 股本 | 股份溢價 | 合併儲備 | 匯兌儲備 | 累計虧損 | 總計 | 非控股權益 | 總權益 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | (note (a)) (附註(a)) | (note (b)) (附註(b)) | (note (c)) (附註(c)) | | | | |
| At 1 April 2021 (unaudited) | 於二零二一年四月一日 (未經審核) | 2,857 | 503,165 | 13,107 | 266 | (482,830) | 36,565 | - | 36,565 |
| Loss and total comprehensive expenses for the period | 期間虧損及全面開支總額 | - | - | - | 572 | 242 | 814 | - | - |
| At 30 June 2021 (unaudited) | 於二零二一年六月三十日 (未經審核) | 2,857 | 503,165 | 13,107 | 838 | (482,588) | 37,379 | - | 37,379 |
| At 1 April 2022 (unaudited) | 於二零二二年四月一日 (未經審核) | 3,397 | 582,815 | 13,107 | (408) | (527,151) | 71,760 | (2,481) | 69,279 |
| Loss for the period | 期間虧損 | - | - | - | - | (3,533) | (3,533) | (132) | (3,665) |
| Other comprehensive expenses | 其他全面開支 | - | - | - | 2,468 | - | 2,468 | 125 | 2,593 |
| — Exchange differences on translation of foreign operation | — 換算海外業務的匯兌差額 | - | - | - | 2,468 | - | 2,468 | 125 | 2,593 |
| At 30 June 2022 (unaudited) | 於二零二二年六月三十日 (未經審核) | 3,397 | 582,815 | 13,107 | 2,060 | (530,684) | 70,695 | (2,488) | 68,207 |

Note:

- (a) Share premium represents the excess of proceeds received over the nominal value of the Company's shares issued, less share issue expenses. Pursuant to the Companies Act of Bermuda, the Company's share premium account may be distributed in the form of fully paid bonus shares.
- (b) The merger reserve of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange thereof pursuant to the Group reorganisation on 20 March 2001 as set out in the prospectus of the Company dated 26 March 2001. The subsidiary was disposed during the year ended 31 March 2021.
- (c) Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

附註：

- (a) 股份溢價是指所得款項超過本公司已發行股份面值的餘額減去股份發行費用。根據《百慕達公司法》，本公司的股份溢價賬可以以繳足紅股的形式分配。
- (b) 本集團之合併儲備指所收購子公司的股本面值與本公司為換股而根據本公司日期為二零零一年三月二十六日之招股章程所載本集團於二零零一年三月二十日之重組所發行之股份面值兩者間之差額。該子公司於二零二一年三月三十一日止年度出售。
- (c) 本集團的匯兌儲備包括因換算香港以外業務的財務報表而產生的所有外匯差額。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Room 8212, Unit 01, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are provision of advertising services in Hong Kong and the People's Republic of China (the "PRC"), and sales of new energy electric vehicles.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousands ("HK\$'000") except when otherwise indicated. The condensed consolidated financial statements for the three months ended 30 June 2022 (the "First Quarterly Financial Statements") are unaudited but were reviewed by the Audit Committee of the Company (the "Audit Committee") and approved for issue by the Board on 12 August 2022.

簡明綜合財務報表附註

1. 公司資料

本公司為於百慕達註冊成立之獲豁免有限責任公司，其股份於聯交所GEM上市。本公司之註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda及其主要營業地點為香港九龍柯士甸道西1號環球貿易廣場82樓01號8212室。

本公司為投資控股公司，本集團之主要業務為於香港及中華人民共和國（「中國」）內地提供廣告服務及銷售新能源電動汽車。

未經審核簡明綜合財務報表乃以港元（「港元」）呈列，所有金額（另有指定者除外）均調整至最接近之千位數（「千港元」）。截至二零二二年六月三十日止三個月之簡明綜合財務報表（「第一季度財務報表」）乃未經審核，惟已由本公司審核委員會（「審核委員會」）審閱及於二零二二年八月十二日獲董事會批准刊發。

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 June 2022 (the “First Quarterly Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The First Quarterly Financial Statements do not include all the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2022 (the “Annual Report 2022”).

The First Quarterly Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The preparation of the First Quarterly Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. The significant judgments, estimates and assumptions applied in the preparation of the First Quarterly Financial Statements are consistent with those used in the Annual Report 2022.

The First Quarterly Financial Statements are unaudited and have not been reviewed by the Company’s auditors, but have been reviewed by the Company’s audit committee. The Group has not early adopted any new HKFRSs that have been issued but not yet effective.

2. 編製基準及主要會計政策

截至二零二二年六月三十日止三個月之未經審核簡明綜合財務報表（「第一季度財務報表」）按照GEM上市規則第18章之適用披露規定編製。第一季度財務報表並不包括香港財務報告準則（「香港財務報告準則」，包括所有由香港會計師公會（「香港會計師公會」）頒佈之適用獨立香港財務報告準則、香港會計準則及詮釋之統稱）規定年度財務報表所需之所有資料，並應與本集團截至二零二二年三月三十一日止年度之綜合財務報表（「二零二二年年報」）一併閱讀。

第一季度財務報表乃按歷史成本基準編製，惟若干以公允值計量之金融工具除外。

按照香港財務報告準則編製第一季度財務報表時，需要採用若干重要會計估計。編製第一季度財務報表應用之重大判斷、估計及假設與二零二二年年報所採用者一致。

第一季度財務報表未經審核且未經本公司核數師審閱，但已經本公司審核委員會審閱。本集團並無提早採納任何已頒佈但尚未生效之新訂香港財務報告準則。

3. REVENUE (UNAUDITED)

3. 收入(未經審核)

| | | Three months ended 30 June | |
|--------------------------------------|-----------|---------------------------------------|----------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Advertising service income | 廣告服務收入 | 19,376 | 17,692 |
| Sales of new energy electric vehicle | 新能源電動汽車銷售 | - | - |
| | | 19,376 | 17,692 |

4. OTHER INCOME (UNAUDITED)

4. 其他收入(未經審核)

| | | Three months ended 30 June | |
|----------------------|--------|---------------------------------------|----------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Gain on exchange | 外匯收益 | - | 1 |
| Bank interest income | 銀行利息收入 | 1 | 16 |
| Sundry income | 雜項收入 | 3 | - |
| | | 4 | 17 |

5. FINANCE COSTS (UNAUDITED)

5. 融資成本(未經審核)

| | | Three months ended 30 June | |
|------------------------------------------------------------|------------------|---------------------------------------|----------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Interest on other loans wholly repayable within five years | 須於五年內全數償還之其他貸款利息 | 163 | 30 |
| Interest on bonds | 債券利息 | 162 | 361 |
| Interest on lease liabilities | 租賃負債利息 | 12 | 30 |
| | | 337 | 421 |

6. (LOSS)/PROFIT BEFORE INCOME TAX (UNAUDITED)

6. 除所得稅前(虧損)/溢利(未經審核)

| | | Three months ended 30 June | |
|--------------------------------------------------------------------------|----------------------------|---------------------------------------|----------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| (a) Employee benefit expenses (including directors' remuneration) | (a) 僱員福利開支 (包括董事酬金) | | |
| Salaries, wages and other benefits | 薪金、工資及其他福利 | 2,425 | 1,649 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | 87 | 88 |
| | | 2,512 | 1,737 |
| (b) Other items | (b) 其他項目 | | |
| Depreciation of items of property, plant and equipment | 物業、機器及設備項目折舊 | 1,548 | 1 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 220 | 220 |

7. INCOME TAX EXPENSES
(UNAUDITED)

7. 所得稅開支(未經審核)

| | | Three months ended 30 June | |
|---------------------------|-------------|-------------------------------|----------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Current tax | 即期稅項 | | |
| Hong Kong Profit Tax | 香港利得稅 | 234 | - |
| PRC Enterprise Income Tax | 中國企業所得稅 | - | - |

Hong Kong Profits Tax was calculated at the rate of 16.5% based on the HK Group Companies' estimated assessable profits arising in Hong Kong during the Period. The two-tiered profits tax regime (i.e. the first HK\$2.0 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2.0 million will be taxed at 16.5%) is applicable to our HK Group Companies for the three months ended 30 June 2022 and 2021.

The provision for PRC Enterprise Income Tax is calculated at the standard rate of 25% on the estimated assessable income as determined in accordance with the relevant income tax rules and regulations of the PRC. No PRC Enterprise Income Tax has been provided for the three months ended 30 June 2022 and 2021.

香港利得稅按本期間內香港集團公司於香港產生之估計應課稅溢利以16.5%計算。截至二零二二年及二零二一年六月三十日止三個月，我們的香港集團公司適用兩級制利得稅制度(即首2.0百萬港元應課稅溢利將以8.25%之利率徵稅，而超過2.0百萬港元應課稅溢利將以16.5%之利率徵稅)。

中國企業所得稅撥備乃根據中國相關所得稅規則及規例所釐定之標準稅率25%，按估計應課稅收入計算。截至二零二二年及二零二一年六月三十日止三個月，概無計提中國企業所得稅撥備。

8. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (UNAUDITED)

- (a) Basic (loss)/profit per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

8. 本公司擁有人應佔每股(虧損)/溢利(未經審核)

- (a) 每股基本(虧損)/溢利按本公司擁有人應佔(虧損)/溢利除以期間已發行普通股之加權平均數計算。

| | | Three months ended 30 June | |
|------------------------------------------------------------|-----------------|---------------------------------------|-----------|
| | | 截至六月三十日止三個月 | |
| | | 2022 | 2021 |
| | | 二零二二年 | 二零二一年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| (Loss)/profit | (虧損)/溢利 | | |
| (Loss)/profit attributable to owners of the Company | 本公司擁有人應佔(虧損)/溢利 | (3,533) | 242 |
| | | '000 | '000 |
| | | 千股 | 千股 |
| Number of shares | 股份數目 | | |
| Weighted average number of ordinary shares in issue (Note) | 已發行普通股加權平均數(附註) | 7,311,561 | 7,141,424 |

- (b) Diluted earning per share for the three months ended 30 June 2022 and 2021 is the same as the basic earning per share as there are no dilutive potential ordinary shares in existence during the Period.

- (b) 截至二零二二年及二零二一年六月三十日止三個月每股攤薄盈利與每股基本盈利相同，因為本期間不存在具攤薄影響的潛在普通股。

9. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 30 June 2022 (2021: Nil).

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

In addition to information disclosed elsewhere in the 2022 First Quarterly Report, subsequent to 30 June 2022, the Group has the following subsequent events:

- (a) On 21 July 2022, the Group signed a loan agreement with an independent third party of which the independent third party agreed to advance RMB30,000,000 to the Group. The loan was unsecured, carried fixed interest rate at 6% and repayable within one year upon the receipt of such RMB30,000,000. At the date of authorisation of the consolidated financial statements, the Group has yet to draw down such loan.
- (b) On 21 July 2022, the Company entered into a strategic cooperation framework agreement with Yinchuan Hexin Technology Co., Ltd. (銀川市核芯科技有限公司) to form a strategic partnership to jointly invest resources in the development of new energy batteries.

9. 股息

董事會不建議派付截至二零二二年六月三十日止三個月之股息(二零二一年：無)。

10. 呈報期結束後事項

除二零二二年第一季度報告其他地方披露的資料外，於二零二二年六月三十日後，本集團期後事項如下：

- (a) 於二零二二年七月二十一日，本集團與獨立第三方簽署貸款協議，其中獨立第三方同意向本集團墊款人民幣30,000,000元。該貸款為無抵押、按固定利率6%計息並須於收到該人民幣30,000,000元後於一年內償還。於授權綜合財務報表當日，本集團尚未提取該貸款。
- (b) 於二零二二年七月二十一日，本公司與銀川市核芯科技有限公司簽訂戰略合作框架協議以建立戰略合作夥伴關係，共同投入資源開發新能源電池。



F A R N O V A