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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)

(Stock code: 8153)

DISCLOSEABLE TRANSACTION ENTERING INTO LEASE AGREEMENT

On 23 November 2020, the Company entered into the Lease Agreement with the Landlord in respect of the leasing of the Premises for use as office space of the Group.

Pursuant to HKFRS 16 “Leases”, the entering into the Lease Agreement requires the Group to recognise a right-of-use asset in the consolidated financial statements of the Company and it will be regarded as an acquisition of asset under the GEM Listing Rules. The audited value of the right-of-use asset under the Lease Agreement is approximately HK\$1.9 million.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the acquisition of the right-of-use asset under the Lease Agreement exceeds 5% but is below 25%, the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE LEASE AGREEMENT

The principal terms of the Lease Agreement are as follows:

Date: 23 November 2020

Parties:

1. The Company, as tenant; and

2. Regus HK Management Limited, as landlord.

The Landlord is principally engaged in the provision of office, co-working and meeting spaces. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Landlord is part of the group under IWG PLC which is listed on the London Stock Exchange, and the Landlord and its ultimate beneficial owners are Independent Third Parties.

Premises

Office Number 8212, Regus ICC 82/F, Unit 01, 82/F, International Commercial Centre, 1 Austin Road West, Kowloon, Hong Kong.

Term

Two years commencing from 1 December 2020

Rental payment

HK\$80,000 per month for use of the Premises.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16 "Leases", the entering into the Lease Agreement requires the Group to recognise a right-of-use asset in the consolidated financial statements of the Company and it will be regarded as an acquisition of asset under the GEM Listing Rules. The audited value of the right-of-use asset under the Lease Agreement is approximately HK\$1.9 million.

REASONS FOR THE LEASE AGREEMENT

The Group is principally engaged in the sales of new energy electric vehicles and advertising.

The Premises is being used as the Company's principal place of business in Hong Kong.

The terms of the Lease Agreement including the rental charge were determined after arm's length negotiations between the parties and with reference to the prevailing market rate for comparable office properties. The Directors are of the view that the entering of the Lease Agreement is in the ordinary and usual course of business of the Group and terms and conditions of the Lease Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the acquisition of the right-of-use asset under the Lease Agreement exceeds 5% but is below 25%, the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DELAY IN PUBLICATION

Due to oversight of the requirements under HKFRS 16, the Company was not aware of its implication under the GEM Listing Rules at the time of entering into the Lease Agreement. As a result, the Company has failed to publish this announcement as soon as practicable after entering into the Lease Agreement in accordance with the GEM Listing Rules. The Board will closely monitor and review the terms of all proposed leases and/or transactions in the future to ensure timely compliance with the GEM Listing Rules. In this connection, the Company has engaged an external legal adviser and a licensed financial adviser to provide timely advice on compliance with GEM Listing Rules in the future.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Company”	Farnova Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Directors”	the directors of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of the Company and its connected persons
“Landlord”	Regus HK Management Limited
“Lease Agreement”	the office service agreement dated 23 November 2020 made between the Company and the Landlord relating to the use of the Premises
“Premises”	Office Number 8212, Regus ICC 82/F, Unit 01, 82/F, International Commercial Centre, 1 Austin Road West, Kowloon, Hong Kong
“Shares”	ordinary shares of HK\$0.0004 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 15 September 2021

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

This announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the website of GEM of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at <http://farnov.ocoplus.com>.