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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**

*(Formerly known as Code Agriculture (Holdings) Limited 科地農業控股有限公司)*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 8153)**

### **UNAUDITED PRELIMINARY FINANCIAL DATA FOR THE YEAR ENDED 31 MARCH 2020**

This announcement is made by Farnova Group Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) 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). The Company hereby announces the unaudited preliminary financial data for the year ended 31 March 2020 (the “**Unaudited Preliminary Financial Data of 2020**”). Due to the reasons set out in the paragraph headed “Review of Unaudited Preliminary Financial Data of 2020” of this announcement, the auditing process of the annual results of the Group for the year ended 31 March 2020 has yet to be completed. The Unaudited Preliminary Financial Data of 2020 contained in this announcement has been reviewed and agreed by the Audit Committee.

Items	The reporting Period HK\$'000	The same period last year HK\$'000	Change (%)
Revenue	20,534	28,061	(26.8)
Gross profit	3,134	4,320	(27.5)
Administrative expenses and distribution cost	20,551	14,913	37.8
<b>Loss for the year</b>	<b>(33,888)</b>	<b>(50,755)</b>	<b>(33.2)</b>
Loss attributable to owners of the Company	(33,888)	(50,622)	(33.1)
Other comprehensive loss attributable to owners of the Company	(33,888)	(50,089)	(32.3)
<b>Total comprehensive loss</b>	<b>(33,888)</b>	<b>(49,981)</b>	<b>(32.2)</b>
<b>From continuing operations</b>			
<b>Basic loss per share</b>	<b>(0.90)</b>	<b>(2.17)</b>	
Current assets	48,733	41,974	16.1
Non-current assets	2,056	2,324	(11.5)
<b>Total assets</b>	<b>50,789</b>	<b>44,298</b>	<b>14.7</b>
Current liabilities	84,243	59,935	40.6
<b>Total liabilities</b>	<b>165,017</b>	<b>222,565</b>	<b>(25.9)</b>
<b>Total equity attributable to owners of the Company</b>			
Share capital	1,961	1,072	82.9
<b>Net liabilities</b>	<b>114,228</b>	<b>178,267</b>	<b>(35.9)</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group derives its revenue mainly from: (i) advertising in Hong Kong and the PRC; (ii) money lending business in Hong Kong; and (iii) securities investments in Hong Kong. The Group's revenue for the Year amounted to approximately HK\$20.5 million, representing a decrease of 26.8% as compared to that of approximately HK\$28.1 million for the Preceding Year. The Group's loss for the Year decreased by 33.2% to HK\$33.9 million, as compared to approximately HK\$50.8 million for the Preceding Year.

### Results of the Group

#### *Revenue*

The Group's revenue decreased by 26.8% to approximately HK\$20.5 million for the Year, as compared to that of approximately HK\$28.1 million for the Preceding Year. The significant decrease in revenue was mainly attributable to decrease in revenue contributed by the advertising segment.

### ***Advertising***

The Group recorded revenue of approximately HK\$20 million from this operation for the Year, as compared to revenue of approximately HK\$27.6 million for the Preceding Year. The decrease was mainly due to the fact that many corporations have decreased their budget on marketing and advertising activities as a result of the global outbreak of coronavirus disease (COVID-19).

### ***Money lending***

Revenue from this operation for the Year was approximately HK\$534,000, as compared to revenue of approximately HK\$438,000 for the Preceding Year. The increase in revenue was mainly due to more loan receivables were granted as compared with the Preceding Year. As at 31 March 2020, gross loan receivables amounted to HK\$5.0 million (2019: HK\$4.4 million).

### ***Gross Profit and gross profit margin***

The Group's gross profit decreased by approximately 27.5% to approximately HK\$3.1 million for the Year, as compared to that of approximately HK\$4.3 million for the Preceding Year. Such decrease was in line with the drop in revenue for the Year.

### ***Distribution costs***

The Group's distribution costs decreased by approximately 100% to nil for the Year, as compared to that of approximately HK\$169,000 for the Preceding Year.

### ***Administrative expenses***

Administrative expenses for the Year were increased by 49.5% to approximately HK\$20.6 million, as compared to approximately HK\$13.7 million for the Preceding Year. Administrative expenses mainly consist of staff costs, depreciation, operating lease rentals for office and legal and professional fees. The Group will continue to adopt the stringent cost controls in the forthcoming periods.

### ***Finance costs***

The Group recorded finance costs of approximately HK\$15.2 million for the Year, as compared to approximately HK\$28 million for the Preceding Year. The finance costs were mainly arising from the interest expenses on convertible bonds which were issued in November 2015 and June 2016 and amended the terms on 5 December 2019 with the effective interest rates of 10.5% and 9.2% per annum respectively.

### *Loss for the year and loss attributable to owners of the Company*

The Group recorded a loss for the Year of approximately HK\$33.9 million, as compared to approximately HK\$50.8 million for the Preceding Year. Loss attributable to owners of the Company for the Year was approximately HK\$33.9 million, as compared to approximately HK\$50.1 million for the Preceding Period. The basic and diluted loss per share of the Group for the Period were HK cents 0.90, as compared to HK cents 2.18 for the Preceding Period.

### **REVIEW OF UNAUDITED PRELIMINARY FINANCIAL DATA OF 2020**

Since the outbreak of the novel coronavirus pneumonia (the “**COVID-19**”) at the beginning of 2020, the auditors of the Company are subject to the above Restrictions, and it is difficult for them to complete certain on site inspection and audit procedures as originally scheduled. As such, as of the date of this announcement, the auditing process of the annual results of the Group for the year ended 31 March 2020 has yet to be completed. The Company has decided to delay the publication of audited annual results announcement for the year ended 31 March 2020 as well as the publication and despatch of the 2020 annual report.

The Unaudited Preliminary Financial Data of 2020 contained in this announcement has been reviewed and agreed by the Audit Committee.

### **FURTHER ANNOUNCEMENT**

After the completion of auditing process, the Company is expected to publish the annual results announcement of the Company for the year ended 31 March 2020 on or before 31 July 2020 in relation to the audited results for the year ended 31 March 2020 and the accounting adjustment or material differences (if any) as compare to the Unaudited Preliminary Financial Data of 2020 set out in this announcement. In addition, the Company will publish the 2020 annual report of the Company on or before 31 July 2020.

**The preliminary financial data of the Group for 2020 contained in this announcement is unaudited and has not been agreed by the Company’s auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 30 June 2020

*As of the date of this announcement, the executive Directors are Mr. Guo Gelin, Mr. Chow Chi Wah Vincent, and Mr. Hu Chao; the non-executive Director is Mr. Wang Dequn; and the independent non-executive Directors are Mr. Lee Chi Hwa Joshua, Mr. Wong Ching Keung and Dr. Antonio Maria Santos.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 “Latest Company Announcements” page of the GEM website <http://www.hkgem.com> for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at <http://www.farnovagp-hk.com>.*