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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)

LETTER OF INTENT RELATING TO PROPOSED ACQUISITION

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 29 January 2021, the Company's wholly-owned subsidiary (namely Farnova Automobile (Changde) Manufacturing Limited (法諾汽車(常德)製造有限公司)) entered into the LOI with the Vendor in relation to the proposed acquisition of 58.39% equity interest in the Target.

According to the information provided by the Vendor, the Target possesses all qualification licenses for pure electric vehicle production from the Ministry of Industry and Information Technology of the Development and Reform Commission of China. The Group will make full use of its advantages in the design of new energy vehicle, application of carbon fiber new material technology and domestic and foreign sales markets, and will combine with the advantages of the Vendor and the Target in the research and development of new energy commercial vehicle products and their comprehensive manufacturing platform, to develop the electric vehicle markets in the PRC, the ASEAN countries, U.S. and Europe.

Pursuant to the LOI, the preliminary proposed consideration for the Proposed Acquisition shall be approximately RMB390 million, subject to valuation of the Target. The acquisition will proceed in two stages, the first stage will involve acquisition of 38.39% equity interest and the second stage involving 20% equity interest will take place within one year thereafter. Based on the preliminary consideration and financial information of the Target, the Proposed Acquisition will constitute a notifiable transaction of the Company. The Company will issue further announcements in compliance with the GEM Listing Rules as and when appropriate.

The LOI does not create legally binding obligations on the parties in relation to the Proposed Acquisition.

To the best of the Directors' information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

As the LOI is not legally binding with regard to the Proposed Acquisition, it may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the following meanings:

“Company”	Farnova Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) 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
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“LOI”	the letter of intent dated 29 January 2021 made between the Company's wholly owned subsidiary and the Vendor
“PRC”	the People's Republic of China
“Proposed Acquisition”	the proposed acquisition of 58.39% equity interest in the Target pursuant to the LOI
“Share(s)”	ordinary share(s) of HK\$0.004 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target” 廣西華奧汽車製造有限公司 (Guangxi Huaao Automobile Manufacturing Co. Ltd.*), a company incorporated in the PRC

“Vendor” 長春華奧汽車製造有限公司 (Changchun Huaao Automobile Manufacturing Co. Ltd.*), a company incorporated in the PRC

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

Hong Kong, 29 January 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. Mei Kaji and Mr. Kuang Quanzhuang; and the independent non-executive Directors are Mr. Lee Chi Hwa Joshua, Mr. Wong Ching Keung and Mr. Luo Ji.

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://farnov.ocoplus.com>.

* For identification purpose only