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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Yuet Sheung International Securities Limited

On 11 January 2022, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placers for up to 1,400,000,000 new Shares at a price of HK\$0.06 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

The maximum number of 1,400,000,000 Placing Shares represents approximately 19.6% of the entire issued share capital of the Company of 7,141,423,920 Shares as at the date of this announcement and approximately 16.4% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$83.0 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used for repayment of debts, expansion of the Group's business and general working capital.

THE PLACING AGREEMENT

- Date: 11 January 2022.
- Placing Agent: Yuet Sheung International Securities Limited. To the best of the Company's knowledge, information and belief, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Placees: The Placing Shares will be placed to not less than six Placees (who will be independent individual, corporate and/or other investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the GEM Listing Rules) immediately following completion of the Placing.
- Number of Placing Shares: Up to 1,400,000,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 19.6% of the entire issued share capital of the Company of 7,141,423,920 Shares as at the date of this announcement and approximately 16.4% of the Company's entire issued share capital as enlarged by the Placing. The nominal value of the Placing Shares is HK\$560,000.
- Placing Price: HK\$0.06 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on GEM. The Placing Price represents:
- (a) a premium of approximately 3.45% to the closing price of HK\$0.058 per Share as quoted on the GEM on 11 January 2022, being the date of the Placing Agreement;
 - (b) the average closing price of approximately HK\$0.06 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 11 January 2022 being the date of the Placing Agreement.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$83.0 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.0593.

Placing Commission: The Placing Agent will receive a placing commission of 1% on the gross proceeds of the Placing.

General Mandate: The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 9 August 2021 up to 1,428,284,784 Shares. As at the date of this announcement, no Share has been issued pursuant to the general mandate.

Ranking of Placing Shares: The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue an allotment of the Placing Shares.

Conditions to the Placing: The Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares on or before 4 February 2022 or such later date as the Company and the placing Agent may agree in writing.

If the above condition is not fulfilled, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the parties shall have any claim against the other in relation thereto.

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.

No Shareholders approval is required for the Placing.

Completion of the Placing: Subject to the satisfaction of the condition set out above, the Placing is expected to be completed on the fourth Business Day after fulfillment of the said condition or such later time and/or such other date as the Placing Agent and the Company may agree.

Termination:

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the any announcements, circulars and reports issued by the Company since the publication of the last annual report of the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company as at the date of this announcement and immediately after completion of the Placing is and will be as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing assuming the Placing Shares are fully subscribed	
	No. of Shares	%	No. of Shares	%
Guo Gelin (<i>note</i>)	408,065,752	5.71	408,065,752	4.78
Mou Zhongwei (<i>note</i>)	15,000,000	0.21	15,000,000	0.18
Mr. Wang Hanjing (<i>note</i>)	74,055,000	1.04	74,055,000	0.87
Placees	0	0.00	1,400,000,000	16.39
Other public Shareholders	<u>6,644,303,168</u>	<u>93.04</u>	<u>6,644,303,168</u>	<u>77.78</u>
Total	<u>7,141,423,920</u>	<u>100.00</u>	<u>8,541,423,920</u>	<u>100.00</u>

Note: Mr. Guo Gelin, Mr. Mou Zhongwei and Mr. Wang Hanjing are Directors.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in manufacture and sales of new energy automobile and advertising.

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Group's business operation and working capital requirements. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$1.0 million in connection with the Placing. The net proceeds of approximately HK\$83.0 million from the Placing will be used for repayment of debts, expansion of the Group's business and general working capital.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this announcement.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong) on which banks in Hong Kong are generally open for business
“Company”	Farnova Group Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	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
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
“Placee”	any individual, corporate or other investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Yuet Sheung International Securities Limited

“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 11 January 2022 in relation to the Placing
“Placing Price”	HK\$0.06 per Placing Share
“Placing Shares”	a maximum of 1,400,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 11 January 2022

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 and Mr. Wang Hanjing; 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 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>.