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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)

PROPOSED SHARE CONSOLIDATION

Share Consolidation

The Company proposed to implement the Share Consolidation on the basis that every 10 issued and unissued Shares of par value HK\$0.0004 each will be consolidated into one Consolidated Share of par value HK\$0.004 each.

The Share Consolidation is conditional upon, among others, the Shareholders' approval at the SGM.

SGM and circular

A circular containing further information on the Share Consolidation and the notice of the SGM will be dispatched to the Shareholders on or before 21 April 2022.

SHARE CONSOLIDATION

The Directors propose to implement the Share Consolidation on the basis that every 10 issued and unissued Shares will be consolidated into one Consolidated Share. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

Effects of the Share Consolidation

As at the date of this announcement, the authorized share capital in ordinary shares of the Company consist of HK\$100,000,000 divided into 250,000,000,000 Shares of par value HK\$0.0004 each, of which 8,491,423,920 Shares are in issue and fully paid. After the Share Consolidation becoming effective, the authorized share capital in ordinary shares of the Company will be HK\$100,000,000 divided into 25,000,000,000 Consolidated Shares of par value HK\$0.004 each, of which 849,142,392 Consolidated Shares will have been issued and fully paid.

The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

As at the date of this announcement, the Company has no intention to carry out other corporate action or arrangement in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and there is no agreement, arrangement, understanding and negotiation (concluded or otherwise) entered into by the Company for any potential fund raising activities in the next 12 months. However, the Board does not rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (1) the passing of the necessary resolutions by the Shareholders to approve the Share Consolidation at the SGM;
- (2) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares to be in issue; and
- (3) the compliance with the relevant procedures and requirements under the applicable laws of Bermuda and the GEM Listing Rules to effect the Share Consolidation.

Listing application

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation taking effect.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

REASONS FOR THE SHARE CONSOLIDATION

According to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

The Company’s share prices have remained below HK\$0.10 and the value of each board lot has remained below HK\$2,000 most of the time for the past 12 months. In view of the prolonged period of share prices approaching extremity, the proposed Share Consolidation is justified to increase the corresponding share prices and to facilitate trading activities.

Based on the closing share price of HK\$0.061 on 6 April 2022 and the current board lot of 5,000, the proposed Share Consolidation will result in the increase of the value of each board lot from HK\$305 to HK\$3,050.

Accordingly, the Board is of the view that the Share Consolidation is in the interest of the Company and the Shareholders as a whole.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be dispatched to the Shareholders in relation to the Share Consolidation.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their own professional advisers.

NO CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 5,000 Existing Shares. The existing board lot size of 5,000 Shares will remain unchanged upon the Share Consolidation becoming effective.

EXCHANGE OF SHARE CERTIFICATES

The new share certificates will be in the colour of blue in order to distinguish them from the existing share certificates which are grey in colour. Subject to the Share Consolidation becoming effective, Shareholders may during the prescribed period submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of 10 existing Shares for one Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on 17 June 2022, trading will only be in Consolidated Shares and existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation:

Despatch of circular with notice of SGM	On or before Thursday, 21 April 2022
Latest time for lodging transfers of Shares in order to qualify for SGM	4:30 p.m. on Thursday, 5 May 2022
Register of members closes (both days inclusive)	From Friday, 6 May 2022 to Tuesday, 10 May 2022
Latest time for lodging proxy form	11:00 a.m. on Sunday, 8 May 2022
Record date for SGM	Tuesday, 10 May 2022

Date of SGM	11:00 a.m. on Tuesday, 10 May 2022
Announcement on results of SGM	Tuesday, 10 May 2022
Register of members re-opens	Wednesday, 11 May 2022
Effective date for the Share Consolidation	9:00 a.m. on Thursday, 12 May 2022
First day for free exchange of existing share certificates for new share certificates	Thursday, 12 May 2022
Dealing in Consolidated Shares commences	9:00 a.m. on Thursday, 12 May 2022
Original counter for trading in Shares in board lots of 5,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Thursday, 12 May 2022
Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 12 May 2022
Original counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Thursday, 26 May 2022
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Thursday, 26 May 2022
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares	9:00 a.m. on Thursday, 26 May 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares	4:00 p.m. on Thursday, 16 June 2022
Temporary counter for trading in Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 16 June 2022
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates closes	4:10 p.m. on Thursday, 16 June 2022

Last day for free exchange of existing share certificates for
new share certificates

Monday, 20 June 2022

The expected timetable set out above is subject to the results of the SGM and is therefore for indicative purpose only. All times and dates in this announcement refer to Hong Kong local times and dates.

SGM AND CIRCULAR

The Share Consolidation is subject to, among others, the Shareholders' approval at the SGM. A circular containing further information on the Share Consolidation and the notice of the SGM will be dispatched to the Shareholders on or before 21 April 2022.

DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	Farnova Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Consolidated Shares”	new ordinary share(s) of HK\$0.004 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	share(s) of the Company before the Share Consolidation becomes effective

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency for the time being of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“Shareholder(s)”	the holder(s) of the Shares and/or Consolidated Shares
“Share(s)”	ordinary share(s) of HK\$0.0004 each in the capital of the Company prior to the Share Consolidation becoming effective

“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Shares into one Consolidated Share in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 6 April 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. 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.

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>.