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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: 08153)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 7 October 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 Places for up to 169,828,478 new Shares at a price of HK\$0.16 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 169,828,478 Placing Shares represents approximately 20.0% of the entire issued share capital of the Company of 849,142,392 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$26 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used for repayment of debts and general working capital.

THE PLACING AGREEMENT

- Date: 7 October 2022.
- Placing Agent: Gransing Securities Co., 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 are professional, institutional and/or other investors and their ultimate beneficial owners will be Independent Third Parties. 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 169,828,478 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 20.0% of the entire issued share capital of the Company of 849,142,392 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Placing. The nominal value of the Placing Shares is HK\$679,313.91.
- Placing Price: HK\$0.16 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 discount of approximately 17.10% to the closing price of HK\$0.193 per Share as quoted on the GEM on 7 October 2022, being the date of the Placing Agreement;
 - (b) a discount of approximately 19.11% to the average closing price of approximately HK\$0.1978 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 7 October 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\$26 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.153.

Placing Commission: The Placing Agent will receive a placing commission of 3.5% 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 16 September 2022 up to 169,828,478 Shares (after taking into account of the share consolidation as set out in the Company's circular dated 14 September 2022). 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.

If the above condition is not fulfilled on or prior to 28 October 2022 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the Parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

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 forth 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.

Rescission: If any of the following events occur at any time prior to the completion of the Placing, the Placing Agent may by giving a written notice to the Company rescind the Placing Agreement which shall then cease to have effect and none of the parties thereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion of the Placing which if it had occurred or arisen before the date thereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context 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	%
Mou Zhongwei (<i>note</i>)	15,000,000	1.77	15,000,000	1.47
Placees	0	0.00	169,828,478	16.67
Other public Shareholders	834,142,392	98.23	834,142,392	81.86
Total	<u>849,142,392</u>	<u>100.00</u>	<u>1,018,970,870</u>	<u>100.00</u>

Note: Mr. Mou Zhongwei is a Director.

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.

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\$1.2 million in connection with the Placing. The net proceeds of approximately HK\$26 million from the Placing will be used for repayment of debts and general working capital.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
11 January 2022	Placing of new shares under general mandate	Approximately HK\$81 million	for repayment of debts, expansion of the Group's business and general working capital	For settlement of part of its borrowings and bond and interest payable of approximately HK\$76,764,000 and approximately HK\$4,236,000 respectively

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)”	a third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is independent of the Company and its connected persons (as defined under the GEM Listing Rules)
“Placee”	any professional, institutional and/or other investors 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”	Gransing Securities Co., Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 7 October 2022 in relation to the Placing
“Placing Price”	HK\$0.16 per Placing Share
“Placing Shares”	a maximum of 169,828,478 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
Mou Zhongwei
Chairman

Hong Kong, 7 October 2022

As of the date of this announcement, the executive Directors are Mr. Mou Zhongwei, Ms. Liu Ching Man and Mr. Li Guangying; and the independent non-executive Directors are Mr. Luo Ji, Mr. Lui Chi Kin and Ms. Cai Ying.

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 website of GEM of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> on the “Latest Listed Company Information” 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 www.irasia.com/listco/hk/farnova.