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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)

SUPPLEMENTAL AGREEMENT DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcements of the Company dated 5 December 2019 in relation to the proposed Acquisition (the “**Previous Announcement**”). Unless otherwise defined in this announcement, terms used herein shall have the same meanings as those defined in the Previous Announcement.

The Board wishes to announce that on 29 May 2020 (after trading hours), the Company, SZHGT, the Target Company and the Vendor (collectively, the “**Parties**”) entered into a supplemental sale and purchase agreement (the “**Supplemental Agreement**”) to amend the terms and conditions of the Agreement.

CONVERSION PERIOD OF THE CONVERTIBLE BONDS

By entering into the Supplemental Agreement, the Parties agree to amend the clause in relation to the conversion period of the Convertible Bonds (the “**Conversion Period**”). The Conversion Period will commence from the 10th business day which the Company had received the audit report of the Target Group for the year ending 31 December 2020 and the principal amount of the Convertible Bonds being adjusted in accordance with the profit guarantee (if any) and up to the Maturity Date.

EXTENSION OF LONG STOP DATE

The completion of the Acquisition is subject to the fulfilment (or waiver, as appropriate) of various conditions precedent on or before 1 June 2020 (the “**Long Stop Date**”) pursuant to the Agreement. Due to the outbreak of COVID-19 in the PRC, additional time is required by the Parties for the fulfilment of the conditions precedent to the Agreement. On 29 May 2020, the Parties entered into the Supplemental Agreement pursuant to which the Long Stop Date shall be further extended to 31 December 2020 (or such other date as may be agreed between the Parties in writing).

ADDITION OF CONDITIONS PRECEDENT

The Supplemental Agreement further requires that the completion of the Acquisition is subject to the following additional conditions precedent:

- (k) passing by the independent Shareholders at the special general meeting to be convened and held (the “**SGM**”) of all necessary resolution(s) to approve the Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder in accordance with the GEM Listing Rules and the applicable laws and regulations.

GEM LISTING RULES IMPLICATIONS

With reference to the announcement of the Company dated 27 February 2020, Mr. Guo, being the vendor in the Acquisition, has been appointed as an executive Director and the chairman of the Board and therefore became a connected person of the Company under the GEM Listing Rules. Accordingly, the Acquisition also constitute a connected transaction of the Company and is subject to the notification, announcement, circular and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Mr. Guo has abstained from voting in respect of the Board resolution approving the Supplemental Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

An independent board committee (comprising of all independent non-executive Directors) will be formed to advise the independent Shareholders with respect to the relevant resolution(s) approving the Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder proposed to be passed at the SGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders in this regard.

The SGM will be convened and held by the Company at which resolution(s) will be proposed to seek approval of the independent Shareholders for the Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder by way of poll. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its associates has any material interest in the Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder

and no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

A circular containing, among other things, (1) further details of the Agreement (as amended by the Supplemental Agreement); (2) the letter of recommendation from the independent board committee to the independent Shareholder; (3) the letter of advice from the independent financial adviser to the independent board committee and the independent Shareholders; and (4) the notice convening the SGM, will be despatched to the Shareholders as soon as possible. As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 30 June 2020.

Warnings: The Acquisition is subject to the fulfilment of a number of conditions, including but not limited to approval of the Agreement (as amended by the Supplemental Agreement) and the transaction contemplated thereunder by the independent Shareholders at the SGM. As such, the transaction contemplated under the Agreement (as amended by the Supplemental Agreement) may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

By order of the Board
Farnova Group Holdings Limited
Hu Chao
Executive Director

Hong Kong, 29 May 2020

As of the date of this announcement, the executive Directors are Mr. Guo Gelin, Mr. Chow Chi Wah Vincent, Mr. Wang Rongqian 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, Ms. Ng Yin Ling Elaine 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.code-hk.com>.