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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 ANNOUNCEMENT IN RELATION TO THE ACCESS AGREEMENT ON NEW ENERGY HEAVY DUTY TRUCK INDUSTRIAL CHAIN BASE PROJECT

Reference is made to the voluntary announcement of the Company dated 30 July 2020 (the “**Voluntary Announcement**”). Capitalised terms used herein shall have the same meanings as those capitalised terms used in the Voluntary Announcement unless the context requires otherwise. The Board wishes to provide the shareholders and potential investors of the Company with additional information in relation to the Access Agreement.

THE ACCESS AGREEMENT

Date

28 July 2020

Parties

- (A) the Management Committee of Changde Economic and Technological Development Zone* (常德經濟技術開發區管理委員會) (the “**Management Committee**”); and
- (B) the Company

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Management Committee is independent of and not connected with the Company or any of its connected persons.

* For identification purpose only

Principal Terms

The Project

Pursuant to the Access Agreement, the Company will establish a project company (the “**Project Company**”) in the Development Zone for establishing a new energy vehicles and heavy duty trucks related industrial chain base project. The first phase of the Project is mainly composed of two parts: (i) a production base project to establish a China-Europe industry 4.0 manufacturing collaboration platform, as well as a manufacturing and processing center, intelligent logistics and delivery center for new energy vehicles, heavy duty trucks, new materials, motive batteries, energy storage system, software development, etc.; and (ii) a headquarter project for the construction of the headquarter building and intelligent manufacturing experience sales center. The total investment cost on the Project is estimated to be approximately RMB7.5 billion for which the investment amount and timing of various stages will be subject to a detailed plan to be formulated upon further negotiation between the Company and the Management Committee with respect to the financial resources, external financing options, government grant and funding available to the Company from time to time.

In respect of the Project, the Management Committee will assist the Project Company in applying different government policies and funding at state, provincial and ministerial level and provide a number of supportive measures including but not limited to subsidies in rent, machineries and equipment, relocation of headquarter, tax benefits, land-use right, asset repurchase, funding support and marketing support of products, etc.

The Company undertakes that (i) the Project Company will comply with relevant rules and regulations imposed by the state, provinces, municipalities or the Development Zone as well as the industry planning, environmental policies, production safety imposed by the Development Zone and other rules and regulations required by the state; (ii) within twenty business days from the signing of the Access Agreement, the Company should complete the legal business registration procedures of the Project Company and enter into the factory lease agreement and commence the factory renovation within thirty business days upon the signing of the Access Agreement; (iii) the Company should also complete the factory renovation, installation and debugging of facilities within four months upon the entering into the Access Agreement; and (iv) upon completing the legal business registration procedures of the Project Company, the rights and obligations under the Access Agreement shall be borne by the Project Company with the Company bearing joint and several liability (collectively, the “**Undertakings**”).

The land of the Project

The first phase of the Project will be located at a graphene manufacturing plant in the Development Zone with a site area of approximately 160,000 square meters. The lease term of the factory is 20 years and is subject to the lease agreement to be entered into.

Termination

The Management Committee may terminate the Access Agreement unilaterally if the Company is in breach of the Undertakings and the Company will be required to evict from the Development Zone and refund all the grants and subsidies provided by the Development Zone.

LISTING RULES IMPLICATION

The Access Agreement is an agreement setting out the framework of the Group's investment in the Development Zone and the support and assistance to be provided by the Development Zone and the Changde Municipal People's Government. The total investment cost of the Project is an estimate and may involve various transactions with different parties. The Company will make announcement and obtain the shareholders' approval in compliance with the requirements of the Listing Rules where appropriate.

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

Hong Kong, 31 July 2020

As of the date of this announcement, the executive Directors are Mr. Guo Gelin, Mr. Chow Chi Wah Vincent, 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 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.farnovagp-hk.com>.