

DATED the 7th day of October 2022

(1) Farnova Group Holdings Limited

(2) Gransing Securities Co., Limited

PLACING AGREEMENT

relating to the placing of a total of
169,828,478 new shares in the capital of
Farnova Group Holdings Limited

THIS PLACING AGREEMENT is made on the 7th day of October 2022

BETWEEN:

- (1) **Farnova Group Holdings Limited**, a company incorporated in Bermuda whose principal place of business in Hong Kong is situated at Room 1104A, 11/F, Kai Tak Commercial Building, 317–319 Des Voeux Road Central, Sheung Wan, Hong Kong (the “**Company**”); and
- (2) **Gransing Securities Co., Limited**, whose principal place of business in Hong Kong is situated at Unit 2508, 25/F., Cosco Tower, 183 Queen's Road Central, Hong Kong (the “**Placing Agent**”).

WHEREAS:

- (A) The Company was incorporated in Bermuda with limited liability.
- (B) The Company has at the date of this Agreement an authorised share capital of HK\$100,000,000 divided into 25,000,000,000 shares of HK\$0.004 each (the “**Shares**”) of which 849,142,392 Shares have been issued and are fully paid.
- (C) All of the issued Shares are currently listed on GEM of The Stock Exchange of Hong Kong Limited.
- (D) The Company has agreed to allot and issue the Placing Shares at HK\$0.16 per Share on the terms and conditions set out herein.
- (E) The Placing Agent has agreed to procure, as agent of the Company, not less than six Placees, as subscribers on a best effort basis for the Placing Shares upon the terms and subject to the conditions set out in this Agreement.

IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement (including the Recitals hereto) unless specifically provided otherwise or the context otherwise requires;

- (a) the following definitions are used:

“Affiliates” means, in relation to a particular company, any company or other entity which is its holding company or subsidiary, or any other subsidiary of its holding company;

“Announcement” means the announcement setting out, inter alia, the key terms of this Agreement proposed to be issued by the Company immediately following the execution of this Agreement;

“associate” has the same meaning as defined in the Listing Rules;

“Business Day” means any day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;

“CCASS” means the Central Clearing and Settlement System operated by the Hong Kong Securities Clearing Company Limited;

“Companies Ordinance” means the Companies Ordinance, Chapter 622 of the laws of Hong Kong;

“General Mandate” means the general mandate granted to the directors of the Company at the annual general meeting held on 16 September 2022;

“Group” means the Company and its Subsidiaries;

“HKEX” or “Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Listing Rules” means the Rules Governing the Listing of Securities on GEM of the HKEX;

“HK\$” means Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong” means Hong Kong Special Administrative Region, the People’s Republic of China;

“Memorandum and Articles of Association” means the memorandum and articles of association for the time being of the Company;

“Placees” means any person(s) or entity(ies), who are professional, institutional and/or other investors, which the Placing Agent will procure to subscribe for any of the Placing Shares on a best effort basis pursuant to and in accordance with this Agreement;

“Placing” means the placing of the Placing Shares on the terms and subject to the conditions set out in this Agreement;

“Placing Completion” means completion of the Placing under this Agreement;

“Placing Completion Date” means the fourth Business Day following the satisfaction of the Placing Conditions or such other date as the Company and the Placing Agent may agree at which completion of the Placing shall take place pursuant to Clause 5;

“Placing Conditions” means the conditions set out in Clause 4.1;

“Placing Price” means HK\$0.16 per Placing Share;

“Placing Shares” means 169,828,478 new shares of the Company to be placed by or on behalf of the Placing Agent as agent for the Company pursuant to this Agreement;

“SFC” means the Securities and Futures Commission;

“Subsidiary” has the same meaning as ascribed in Section 2 of the Companies Ordinance (Cap.622 of the laws of Hong Kong);

- (b) references to clauses are to clauses of this Agreement;
- (c) words importing the singular include the plural and vice versa, words importing a gender include every gender and every reference to person include bodies corporate or unincorporated; and
- (d) any document expressed to be “in the agreed form” means a document approved by the parties hereto and for the purpose of identification signed by or on behalf of the Company and the Placing Agent.

- 1.2 Headings are for convenience only and shall not affect the interpretation of this Agreement.

2. PLACING OBLIGATIONS

- 2.1 Subject to the terms and conditions of this Agreement, the Company agrees to allot and issue the Placing Shares and the Placing Agent agrees as agent of the Company (either by itself or through its sub-placing agents) to procure not less than six Placees on a best effort basis to subscribe for the Placing Shares at the Placing Price (together with all such brokerage, SFC transaction levy, Financial Reporting Council (“FRC”) transaction levy and Stock Exchange trading fee as may be payable by such Placees in relation to each such Placing Share) on the terms and subject to the conditions set out in this Agreement. For the avoidance of doubt, the Placing Price shall exclude any brokerage commission, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee and stamp duty (if any).
- 2.2 The Company hereby appoints the Placing Agent as its agent to procure not less than six Placees on a best effort basis to subscribe for the Placing Shares on the terms and subject to the conditions set out in this Agreement. Any transaction properly carried out by the Placing Agent pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage to the Company arising from any such transaction (except for any loss or damage arising out of any fraud, willful default, breach of this Agreement or negligence on the part of the Agent, or any sub-agents appointed by the Agent pursuant to clause 2.7).
- 2.3 The Company hereby confirms that the appointment pursuant to this Agreement confers on the Placing Agent in accordance with the provisions hereof all powers, authorities and discretions on its behalf which are necessary for, or incidental to, the

Placing and hereby agrees to ratify and confirm everything which the Placing Agent shall lawfully and reasonably do or have done on its behalf in relation to the Placing pursuant to or in anticipation of the terms of this Agreement.

- 2.4 The Placing Shares shall be offered by the Placing Agent as agent for the Company to not less than six Placees who, and whose ultimate beneficial owners, are not connected persons (as defined in the Listing Rules) of the Company and will be third party(ies) independent of the directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (for the purposes of this clause 2.4, “chief executive”, “management shareholder”, “substantial shareholder” and “associates” shall have the meaning as defined in the Listing Rules) during the period from the date of this Agreement up to the Placing Completion Date. No Placees will become a substantial shareholder of the Company as a result of the Placing.
- 2.5 The Company shall allot and issue the Placing Shares subject to the Memorandum and Articles of Association pursuant to the Placing free and clear from all liens, charges, security interests, encumbrances and adverse claims together with all rights attaching thereto on and after the date of their allotment including the rights to receive all future dividends or payable or distributions thereafter declared, made or paid on the Shares.
- 2.6 The Placing Agent hereby warrants and undertakes to the Company that:
- (a) the Placing will be a private placement of securities and not an offer to the public within the meaning of the Companies Ordinance and will be effected by telephone conversations leading to concluded contracts without the dispatch of documents until after legally binding commitments to subscribe for Placing Shares have been obtained from each Placee;
 - (b) it will ensure that the terms and conditions on which each Placee will subscribe for the Placing Shares, and the number of such Shares to be subscribed, are covered in precise terms and agreed with each Placee and to be in substantially the same form as the placing letter contained in the Schedule of this Agreement (amended as appropriate) and will not make any representation in connection with the Placing Shares other than contained in the Announcement or previously approved by the Company; and
 - (c) it has not offered or sold and it shall not, directly or indirectly, offer or sell any Placing Shares or distribute or publish any documents in relation to the Placing in any country or in any jurisdiction other than Hong Kong except under circumstances that shall result in compliance with any applicable laws and all offers and sales of Placing Shares shall be made on such terms.
- 2.7 The Placing Agent may, in its absolute discretion, appoint such other persons including any of its Affiliates to be sub-agent(s) on behalf of the Company for the purposes of arranging for the placing of the Placing Shares with selected placees, with such authorities and rights as the Placing Agent has pursuant to its own appointment under Clause 2.2 PROVIDED THAT the Placing Agent shall remain liable for all acts and omissions of any sub-agent(s) appointed by it pursuant to this Clause 2.7 and shall procure the compliance by any such sub-agent(s) with all relevant obligations and

provisions to which the Placing Agent is subject or by which the Placing Agent is bound pursuant to this Agreement.

3. WARRANTIES & UNDERTAKINGS

3.1 In consideration of the Placing Agent entering into this Agreement and agreeing to perform its obligations hereunder, the Company hereby warrants and represents to and for the benefit of the Placing Agent as follows:

- (a) the information contained in the recitals to this Agreement is true and accurate and the Company has full power, authority and capacity to allot and issue the Placing Shares under its Memorandum and Articles of Association and the directors of the Company have full power and authority to effect such allotment;
- (b) all necessary consents and authorizations have been obtained to enable the Placing Shares to be allotted and issued;
- (c) the Company has full power and authority to enter into and perform this Agreement and it has corporate capacity to enter into and comply with its obligations hereunder and this Agreement has been duly authorized and executed by and constitutes legally binding obligations of the Company;
- (d) subject to any requirements of the Stock Exchange or SFC, as to which the Company and Placing Agent shall be entitled to satisfy itself that there is lawful authority therefore, none of the parties shall directly or indirectly, make any announcement or communication (other than the Announcement) in relation to this Agreement or any matter ancillary thereto without the prior written consent of the other party;
- (e) save as previously disclosed to the public in writing, there is no litigation, arbitration or other legal proceedings in progress or pending against any member of the Group which if decided adversely to the relevant member of the Group) would have or have had a material adverse effect on the financial position of the Group (taken as a whole) or the Company and which is material in the context of the Placing;
- (f) there has been no material adverse change in the financial position of the Company since 31 March 2022;
- (g) all statements of fact contained in the Announcement are true and accurate in all material respects and not misleading in the context of the Placing and all statements of opinion, intention or expectation of the directors of the Company in relation to any member of the Group contained therein are truly and honestly held and have been made after due and careful consideration and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading or which is otherwise material in the context of the Placing;

- (h) save as previously disclosed to the public in writing, the Company is not in breach in any material respect in the context of the Placing of any rules, regulations or requirements of the Stock Exchange or any applicable law, decree, judgment, legislation, order, regulation, statute, ordinance, treaty or other legislative measure;
 - (i) the audited consolidated balance sheet and profit and loss account of the Company for the financial year ended on 31 March 2022:
 - (i) have been prepared on a consistent basis, save as disclosed therein, and in accordance with generally accepted accounting principles, in, and pursuant to the relevant laws of, Hong Kong; and;
 - (ii) show a true and fair view of the state of affairs of the Group as at 31 March 2022 and of its results for the period in question;
 - (j) save as previously disclosed to the public in writing, no member of the Group has entered into a material contract or commitment of an unusual or onerous nature which, in the context of the Placing might be material for disclosure except in the ordinary course of business and each such company has carried on its business in the ordinary and usual course;
 - (k) the entire existing issued share capital of the Company is listed on the Stock Exchange and as at the date of this Agreement, the Company is not aware of any circumstances whereby such listing will be suspended, cancelled or revoked on or before Placing Completion;
 - (l) the Placing Shares shall rank pari passu in all respects inter se and with all other Shares then in issue;
 - (m) the Company shall have sufficient authorized but unissued share capital on the Placing Completion Date to issue and allot the Placing Shares and all Placing Shares to be allotted and issued pursuant to the terms hereof will be so allotted and issued under the General Mandate .
- 3.2 The Company shall not, and shall procure that no member of the Group shall at any time prior to or on the Placing Completion Date, do or omit to do anything which may cause any of the representations, warranties and undertakings set out in Clause 3.1 to be untrue.
- 3.3 The Placing Agent represents, warrants and undertakes to the Company that:
- (a) it has the power and authority to enter into and perform this Agreement and that this Agreement has been duly authorised and executed by it and constitutes legally, valid and binding obligations of it and in entering into this Agreement it does not do so in breach of any existing obligation or applicable legislation;
 - (b) it shall at all times comply with all rules, regulations and guidelines applicable to the Placing of the Stock Exchange and codes of the SFC in relation to its role as placing agent for the Placing, and, if required, will issue appropriate

written confirmation of such fulfillment and compliance; and

- (c) it shall make available and promptly supply, or procure the relevant Placee(s) to make available and promptly supply, all such information to the Stock Exchange and SFC about the Placees as the Stock Exchange or SFC may require for the purpose of or in connection with the Listing Rules and other relevant regulations.

- 3.4 The foregoing representations, warranties and undertakings shall be deemed to be given as at the date hereof and shall remain in full force and effect notwithstanding the allotment and issue of the Placing Shares to the Placees on the Placing Completion Date as if given or made on such date, with reference in each case to the facts and circumstances then subsisting. Each party hereto hereby undertakes to notify the other parties to the Agreement of any matter or event coming to its attention prior to the Placing Completion Date which shows or may show any of the representations, warranties and undertakings to be or to have been untrue, inaccurate or misleading.

4. PLACING CONDITIONS

- 4.1 Completion of the Placing is conditional upon by not later than 28 October 2022 (or such later date as may be agreed between the Placing Agent and the Company) the Listing Division of the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Placing Shares.
- 4.2 If the Placing Conditions are not fulfilled by the date stated in Clause 4.1, the Placing will lapse and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under this Agreement prior to such termination.
- 4.3 The Company undertakes to use its best endeavours to procure that the Placing Conditions are fulfilled in accordance with their terms on or before the date stated in Clause 4.1 and for that purpose will give all such undertakings, execute such documents and do such other things as may be necessary.
- 4.4 The Placing Agent undertakes to use its reasonable endeavours to assist the Company in procuring that the Placing Conditions are fulfilled in accordance with their terms on or before the date stated in Clause 4.1.

5. PLACING COMPLETION

- 5.1 Subject to the fulfillment of the conditions set out in Clause 4.1, Placing Completion shall take place at the offices of the Placing Agent on the Placing Completion Date.
- 5.2 At Placing Completion Date:

- (a) the Placing Agent shall deliver to the Company a list of the Placees, the number of the Placing Shares to be subscribed by each Placee, the names, addresses and denominations (in board lots or otherwise) in which the Placing Shares are to be registered and, where relevant, the CCASS accounts to which Placing Shares are to be credited.
- (b) the Company shall deliver to the Placing Agent (or such person as it may direct) the original board resolutions (or certified by the director or company secretary of the Company as true copy resolutions) evidencing the approval for the allotment and issue of the Placing Shares;
- (c) the Placing Agent shall transfer to a bank account designated by the Company, by way or cashier order or cheque in Hong Kong dollars for value to the Company (or by the other method of payment as the parties hereto may agree) an amount equivalent to the aggregate sum of the Placing Shares multiplied by the Placing Price less the amounts deducted by the Placing Agent under Clause 8.1 and 8.2;
- (d) the Company shall allot and issue to the Placees such number of the Placing Shares subscribed by them and shall procure that the Placees are registered on the branch register of members of the Company in Hong Kong in respect thereof or as directed by the Placing Agent;
- (e) the Company shall deliver to the Placing Agent the definitive share certificate(s) in the form of jumbo certificate or in such denomination as the Placing Agent may instruct for the Placing Shares issued in the name of the Placees in respect of such number of Placing Shares to be subscribed by them respectively and in accordance with such instructions referred to above or registered in the name of HKSCC Nominees Limited (or as the Placing Agent may otherwise direct); and
- (f) the Placing Agent shall arrange to have the Placing Shares deposited into its CCASS account and distribute the Placing Shares to the Placees according to their respective entitlements thereto.

6. THE ANNOUNCEMENT

The Company hereby authorises to release or cause to be released for publication, as soon as possible upon the execution of this Agreement, copies of the Announcement as required by law or by the Stock Exchange or the SFC.

7. INDEMNITY

The Company undertakes to indemnify the Placing Agent, against all or any costs, expenses (including reasonable legal fees as they are incurred), fees, claims, actions, liabilities, demands, proceedings or judgments (including, but not limited to, all such losses, costs, charges or expenses suffered or incurred in disputing or defending any proceedings and/or in establishing its rights to be indemnified pursuant to this Clause

and/or in seeking advice in relation to any proceedings) brought or established against either of the Placing Agent or by any governmental agency, regulatory body or other person:

- (i) arising out of or in connection with any breach of any of the warranties and representations contained in Clause 3.1, 3.2 or 3.3; or
- (ii) which are directly occasioned by or resulting from or are attributable to the performance by the Placing Agent of its obligations under this Agreement and which does not in any such case arise from the negligence, breach of this Agreement, fraud or willful default of the Placing Agent.

The foregoing indemnity shall remain in full force and effect notwithstanding completion of the Placing.

8. COMMISSION & EXPENSES

- 8.1 Subject to completion of this Agreement, the Company shall, on the Placing Completion Date, pay to the Placing Agent in respect of the Placing, a placing commission, in Hong Kong dollars, of three point five per cent (3.5%) of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares which are successfully placed by the Placing Agent in accordance with this Agreement which the Agent is hereby authorized to deduct from the payment to be made by it to the Company at the Placing Completion pursuant to Clause 5.2.
- 8.2 The Company will be responsible for and pay all costs and expenses (except those stated in this Agreement to be payable by the Placees) in connection with the Placing, including but not limited to:
- (a) legal expenses and disbursements payable to the legal advisers of the Company and/or the Placing Agent (if any);
 - (b) the preparation and release of the Announcement;
 - (c) the allotment and issue of all the Placing Shares to be allotted and issued under this Agreement and registration of the subscribers therefor (including capital duty (if any), SFC transaction levy, Stock Exchange trading fees and the fee of the Company's registrars),

which amounts the Placing Agent is hereby authorized to deduct from the payments to be made by it to the Company pursuant to Clause 5.2 as applicable for the purposes of paying on the Company's behalf such costs, charges, fees and expenses PROVIDED THAT the Placing Agent shall seek the consent of the Company before any of such costs, charges, fees and expenses with an amount of exceeding HK\$10,000 in aggregate is to be incurred.

- 8.3 Payment of the amounts referred to in Clause 8.2 shall be made by the Company whether or not the Company's obligations under this Agreement are terminated pursuant to Clause 9 to the extent that the same have been incurred prior to

termination or are incurred in consequence of termination.

9. RESCISSION

If any of the following events occur at any time prior to 10:00 a.m. on the Placing Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Placing Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Placing Completion Date, rescind this Agreement without liability to the other parties hereto or any thereof and, subject to Clauses 7, 8.2, 9, 10, 11 and 12 which shall continue, this Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under this Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of this 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 Clause 3.1 comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Placing Completion Date which if it had occurred or arisen before the date hereof 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 this 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.

10. MISCELLANEOUS

10.1 Time shall be of the essence of this Agreement.

10.2 This Agreement shall be binding on and ensure for the benefit of the successors of each of the parties and shall not be assignable by any party except with consent of all other parties.

- 10.3 This Agreement constitutes the entire agreement between the parties with respect to its subject matter (neither party having relied on any representation or warranty made by the other which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the parties.
- 10.4 This Agreement supersedes all and any previous agreements, arrangements or understanding between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- 10.5 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect such relevant provision shall to the fullest extent permitted by law be deemed to be deleted from this Agreement and the legality, validity and enforceability of any other provisions of this Agreement shall not be affected or impaired thereby.
- 10.6 This Agreement may be executed in two or more counterparts each of which shall be binding on the parties hereto and shall together constitute one agreement.
- 10.7 All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding completion of this Agreement except in respect of those matters then already performed

11. NOTICES

- 11.1 All notices required or permitted to be given hereunder shall be given in writing in English delivered personally or sent by pre-paid registered post or by facsimile to the party due to receive such notice at its address or facsimile number set out herein, or to such other address and/or facsimile number as the relevant party shall have notified to the other parties hereto in accordance with the terms hereof.

Placing Agent:

Address : Unit 2508, 25/F., Cosco Tower, 183 Queen's Road Central,
Hong Kong

Facsimile no : (852) 3162 6802
Attn : Responsible Officer

Company:

Address : Room 1104A, 11/F, Kai Tak Commercial Building, 317–319
Des Voeux Road Central, Sheung Wan, Hong Kong

Facsimile no : (852) 3709 9354
Attn : Board of Directors

- 11.2 Time of receipt of notice: Any notice delivered personally shall be deemed to be

received when delivered and any notice sent by pre-paid registered post shall be deemed (in the absence of evidence of earlier receipt) to be received 2 days after posting and in proving the time of dispatch it shall be sufficient to show that the envelope containing such notice was properly addressed, stamped and posted. Any notice sent by facsimile shall be deemed to have been received upon production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient and provided that a hard copy of the notice so served by facsimile was posted or delivered by hand on the same day as the notice was served by facsimile or on the immediately subsequent day. Any notice received or deemed to be received on a Saturday, Sunday or public holiday in Hong Kong shall be deemed to have been received on the next Business Day.

12. GOVERNING LAW & JURISDICTION

This Agreement shall be governed by and construed in accordance with Hong Kong law and each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong and agrees that any proceedings arising hereunder may be served on it at its address shown in this Agreement.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by
duly authorized for and on behalf of
Farnova Group Holdings Limited

in the presence of :

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SIGNED by
duly authorized for and on behalf of
Gransing Securities Co., Limited

in the presence of :

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IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by
duly authorized for and on behalf of
Farnova Group Holdings Limited

in the presence of :

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SIGNED by WONG Shiu Hung
duly authorized for and on behalf of
Gransing Securities Co., Limited

in the presence of : DENG Zichao



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For and on behalf of
GRANSING SECURITIES CO., LIMITED
國投證券有限公司

Authorized Signature(s)