

## STATEMENT OF DISCIPLINARY ACTION

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Exchange's Disciplinary Action against Two Former Directors of Farnova Group Holdings Limited (Stock Code: 8153)

### SANCTIONS

The GEM Listing Committee of the Exchange (**GEM Listing Committee**):

### CENSURES

- (1) **Mr Qian Gang (Mr Qian)**, former non-executive director (**NED**) and Chairman of Farnova Group Holdings Limited (formerly known as Code Agriculture (Holdings) Limited) (stock code: 8153) (**Company**); and
- (2) **Mr Wang De Qun (Mr Wang)**, former NED (and former executive director and Chairman) of the Company.

**AND FURTHER STATES THAT** in the Exchange's opinion, by reason of their failure to discharge their responsibilities under the GEM Listing Rules (**GLR**), had either Mr Qian or Mr Wang remained on the board of directors of the Company, their retention of office would have been prejudicial to the interests of investors.

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**SUMMARY OF FACTS**

The Company notified Mr Qian and Mr Wang of the blackout periods in relation to both (i) the Company's annual results for the year ended 31 March 2019, which was from 25 April 2019 to 27 June 2019; and (ii) the Company's quarterly results for the three months ended 30 June 2019, which was from 16 July 2019 to 15 August 2019 (**Blackout Periods**).

According to information received by the Listing Division (Division), Mr Qian acquired and disposed of the Company's shares between 23 May 2019 and 17 July 2019 (**Qian's Dealings**), and Mr Wang acquired shares in the Company between 14 June 2019 and 18 July 2019 (**Wang's Dealings**). Despite being advised of the Blackout Periods, all of the Qian's Dealings and some of the Wang's Dealings occurred during the Blackout Periods.

Before Mr Qian resigned as a director of the Company on 10 January 2020, he belatedly informed the Company of one transaction being an acquisition of the Company's shares, but not any of the other Qian's Dealings. Mr Wang ceased to be a director of the Company on 6 August 2020 but he did not at any point provide details of the Wang's Dealings to the Company. Prior to their resignations, Mr Qian and Mr Wang, through the Company's submissions, admitted their breaches of GLR 5.54, 5.56(a) and 5.61 in respect of the Qian's Dealings/Wang's Dealings respectively.

The Division subsequently sent investigation letters and reminder letters to Mr Qian and Mr Wang with further enquiries about their dealings. However, despite being aware of the Division's investigation, they did not respond, or notify the Exchange of any changes to their contact details.

**LISTING RULES REQUIREMENT**

GLR 5.54 provides that a director must not deal in any of the securities of the issuer at any time when he possesses inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under GLR 5.61.

GLR 5.61 provides that a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement.

GLR 5.56(a)(i) and (ii) provide that a director must not deal in any securities of the issuer on any day on which its financial results are published and during the period of 60 days and 30 days immediately preceding the publication date of its annual results and quarterly results respectively.

Mr Qian and Mr Wang have each provided to the Exchange a Declaration and Undertaking with regard to Directors (**Undertaking**) in the form set out in Appendix 6A to the GEM Listing Rules. The Undertaking provides that, among other things, directors shall: (i) cooperate in any investigation conducted by the Division and/or the GEM Listing Committee; (ii) promptly and openly answer any questions addressed to them; and (iii) provide their up-to-date contact details to the Exchange for a period of three years from the date on which they cease to be a director of the Company, failing which any documents/notices sent by the Exchange shall be deemed to have been served on them.

### **GEM LISTING COMMITTEE'S FINDINGS OF BREACH**

The GEM Listing Committee found as follows:

- (1) Mr Qian and Mr Wang breached GLR 5.54, 5.56(a) and 5.61 for conducting the Qian's Dealings/Wang's Dealings during the Blackout Periods, and without first notifying the chairman or other designated director and obtaining a dated written acknowledgment.
- (2) Mr Qian and Mr Wang breached their respective Undertakings to comply with the GEM Listing Rules to the best of their ability. They were expected to have familiarised themselves with the requirements of GLR 5.54, 5.56(a) and 5.61, taken proactive steps to ensure that any dealings in the Company's shares did not fall within the Blackout Periods and notified the chairman and received written acknowledgement from the chairman/designated director before dealing in the Company's shares.
- (3) Mr Qian and Mr Wang breached their respective Undertakings to cooperate with the Division's investigation into the Qian's Dealings/Wang's Dealings, which constituted a breach of the GEM Listing Rules. Even though they ceased to be a director of the Company, they had an obligation to provide information reasonably requested by the Exchange.
- (4) Mr Qian's and Mr Wang's breaches of the GEM Listing Rules and their respective Undertakings were serious and their conduct demonstrated their wilful and/or persistent failure to discharge their responsibilities under the GEM Listing Rules.

**CONCLUSION**

The GEM Listing Committee decided to impose the sanctions set out in this Statement of Disciplinary Action.

For the avoidance of doubt, the Exchange confirms that the above sanctions apply only to Mr Qian and Mr Wang, and not to any other past or present members of the board of directors of the Company.

Hong Kong, 19 July 2021