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HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(To be renamed as “Huscoke Holdings Limited”)

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE INVESTMENT

This announcement is made by Huscoke Resources Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on 24 December 2018 (after trading hours), the Company entered into the non-legally binding memorandum of understanding (the “**MOU**”) with Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司) (the “**Target Company**”).

THE MOU

Date: 24 December 2018 (after trading hours)

Parties:

- (i) The Company
- (ii) Target Company

** for identification purpose only*

The Target Company is a company established in the People's Republic of China (the "**PRC**") with limited liability. It is committed to a coke production project (the "**Project**") located in Xiaoyi City, Shanxi Province of the PRC. The total production capacity of the Project are 5 million tons of coke per year. The project will be constructed in two phases: phase one includes coking furnaces with coke production capacity of 2.5 million tons per year and 5 million tons of transportation capacity railway; and phase two includes coking furnaces with coke production capacity of 2.5 million tons per year.

As far as the Company is aware, the Target Company has pledged its assets in favour of the Group to secure the repayment obligations of a minority shareholder of a Group's PRC subsidiary and a supervisor of the Target Company is also a director of the Group's PRC subsidiary.

Major terms of the MOU

Pursuant to the MOU, the Company intends to invest in the Target Company through acquisition or subscription of not more than 30% of its share capital (the "**Possible Investment**") and the Target Company intends to issue new shares for subscription pursuant to its articles of association or procure its shareholder(s) to sell its issued share capital.

The consideration for the Possible Investment shall be determined with reference to the valuation by a qualified valuer and results of the due diligence. The consideration shall be satisfied by cash or shares or convertible bond to be issued by the Company or other manners as the Company and the Target Company may agree. The actual payment schedule, method, investment amount will be determined by all parties upon signing of the formal agreement (the "**Formal Agreement**").

Possible investment will be subject to the following conditions and the condition precedent of the Formal Agreement:

- (1) The Company being satisfied with all necessary due diligence results on the Target Company, including but not limited to all aspects of business, finance and legal due diligence;
- (2) The Company has obtained all necessary consents, approvals and permits, including regulatory authorities and the Stock Exchange (if applicable) in respect of the Possible Investment;
- (3) The Company being satisfied with the structure of investment and transaction;
- (4) Completion of a valuation report of the Target Company by a valuer approved by the Company; and
- (5) Completion of necessary financing relating to the Possible Investment by the Company.

The Company and the Target Company shall negotiate in good faith such that the formal Agreement in respect of the Possible Investment shall be entered into within 120 business days after the date of the MOU (or such later date as the parties thereto may agree in writing) (the “**Long Stop Date**”).

Save and except for the exclusive rights, confidentiality, notices, fees, legal validity, copies, applicable laws and jurisdiction and third-party rights, the MOU does not create legal binding obligations between the parties thereto.

Exclusivity

From the date of the MOU until the expiry of the Long Stop Date, the Target Company shall not and shall procure the Target Company and the related parties not to directly or indirectly discuss, negotiate, solicit or enter into any understanding, agreement or arrangement with any person other than the Company.

LISTING RULES IMPLICATION

The Possible Investment, if materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will make further announcement as and when appropriate and comply with all applicable requirements under the Listing Rules.

The Board wishes to emphasize that the MOU does not constitute legally binding commitment in respect of the Possible Investment and no Formal Agreement has been entered into between the parties and the Possible Investment may or may not be proceeded. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

By the order of the Board of
Huscoke Resources Holdings Limited
So Chiu Fung
Executive Director

Hong Kong, 24 December 2018

As at the date of this announcement, the Board comprises Mr. Zhao Xu Guang and Mr. So Chiu Fung as executive Directors; Mr. Wong Siu Hung, Patrick and Mr. Huang Man Yem as non-executive Directors; Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin as independent non-executive Directors.