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HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 704)

LETTER OF INTENT IN RELATION TO A POSSIBLE INVESTMENT

This announcement is made by Huscoke Resources Holdings Limited (the “**Company**”) 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), and to inform the shareholders and potential investors of the Company the latest development of the business of the Company and its subsidiaries (collectively, the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 25 June 2018 (after the trading hours of the Stock Exchange), the Group and Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司) (the “**Energy Technology**”) and Shanxi Jinyan Fine Chemical Company Limited* (山西金岩精细化工有限公司) (the “**Fine Chemical**”) (collectively, the “**Project Companies**”) enter into a non-legally binding letter of intent (the “**Letter of Intent**”) whereby the Company may invest directly or via a fund structure to the Project Companies through acquisition or subscription of a portion of their share capital (the “**Possible Investment**”).

INFORMATION ON PROJECT COMPANIES

The Project Companies are committed to a coke project and a chemical project respectively (the “**Projects**”) and where both are located in Xiaoyi City, Shanxi Province of the People’s Republic of China (the “**PRC**”). The total production capacity of the Projects are 5 million tons of coke per year, 1 million tons of ethylene glycol per year and 550 million cubic meters of Liquefied natural gas (the “**LNG**”) per year. The Projects will be constructed in two phases:

** for identification purpose only*

Phase one (1) (the “**Phase One**”) includes: (i) Coking furnaces with coke production capacity of 2.5 million tons/year; (ii) Corresponding facilities of dry quenching; (iii) Ethylene glycol together with LNG co-production facility and cogeneration device with production capacity of 400 thousand tons/year and 200 million cubic meters/year respectively; and (iv) 5 million tons of transportation capacity railway; and

Phase two (2) (the “**Phase Two**”) includes: (i) Coking furnaces with coke production capacity of 2.5 million tons/year ;(ii) Corresponding facilities of dry quenching; (iii) Ethylene glycol together with LNG co-production facility and cogeneration device with production capacity of 600 thousand tons/year and 350 million cubic meters/year respectively.

As far as the Company is aware, the Project Companies have pledged their assets in favour of the Group to secure the repayment obligations of a minority shareholder of a Group’s PRC subsidiary and certain substantial shareholders of the Project Companies are also directors of a Group’s PRC subsidiary.

THE GROUP’S BUSINESS UPDATE

The Group has been actively exploring cooperation opportunities for its existing principal businesses, by integrating upstream and downstream resources in the coal industry, it may achieve synergies and benefits its coke production business and create more value to reward the support of shareholders and stakeholders.

The Group shall continue to review and adjust the overall development strategy of the Group from time to time in order to increase the profitability base of the Group's business.

MAJOR TERMS OF THE LETTER OF INTENT

Pursuant to the Letter of Intent, the Group and the Project Companies agreed to commence further negotiation in good faith on Possible Investment contemplated under the Letter of Intent. The Group may proceed with direct investment or invest through fund structure to the Project Companies by acquisition or subscription to acquire part of the equity of the Project Companies. The actual investment structure, total investment amount and terms will be determined by all parties upon signing of definitive agreement. Possible investment will be subject to the following conditions and the condition precedent of the definitive agreement:

- (1) Complete all necessary due diligence on Possible Investment, including but not limited to due diligence in all aspects of business, finance and legal; and
- (2) For Possible Investment, both parties have obtained all their own required consents, approvals and permits.

The parties will negotiate in good faith to proceed with the conclusion of the definitive agreement promptly and no later than 180 days from the date of this Letter of Intent or at a later date mutually agreed by both parties.

Besides the provisions of exclusive rights, confidentiality, fees, third party rights and applicable laws, the Letter of Intent does not constitute a legally binding commitment between the parties regarding to Possible Investment and related proposed transaction.

LISTING RULES IMPLICATION

The Possible Investment, if materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A 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 hereby emphasizes that the Letter of Intent is not legally binding. Shareholders of the Company and/or potential investors are reminded that the Possible Investment is subject to, among other things, the entering into of the definitive agreement between the parties, the terms of which are yet to be finalised. The Possible Investment is also subject to and conditional upon such conditions as may be agreed by the parties to the definitive agreement. The Letter of Intent may or may not lead to the entering into of the definitive agreement and the Possible Investment may or may not proceed. Shareholders of the Company and/or potential investors are advised to exercise caution when dealing with the securities of the Company.

By Order of the Board
HUSCOKE RESOURCES HOLDINGS LIMITED
Li Baoqi
Executive Director

Hong Kong, 25 June 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Xu Guang and Mr. Li Baoqi, the non-executive Directors of the Company are Mr. Wong Siu Hung, Patrick and Mr. Huang Man Yem, the independent non-executive Directors of the Company are Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.