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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION: INVESTMENT IN EDB HOLDING LIMITED

Reference is made to the announcement of the Company dated 20 July 2018 (the “**Announcement**”) in relation to the entering into of the SPA and the Subscription Agreement which constitutes discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

In relation to the Valuation of the Target Group, the Market Approach was adopted in the valuation of the Target Group, with Income Approach being adopted for cross-checking purpose only. The independent valuer has adopted Guideline Publicly-traded Company method (the “**GPTC method**”) as the preferred valuation method in the valuation of market value of the Target Group. In the GPTC method, the market value of the Target Group is based on the forward Price-to-Earnings ratio of comparable companies which are trading in a public market. Major assumptions under the GPTC method include but not limited to: i) the existence of good guideline publicly-traded companies; and ii) the existence of an efficient market. A discount for lack of marketability is applied to reflect the lack of liquidity for the equity interest in the Target Company.

The Income Approach based on financial projection was adopted for cross checking purpose. The major assumptions under the Income Approach including the guaranteed net profits of the Target Group for the year ending 31 December 2018, long term growth rate of 3% based on the long term inflation rate in the PRC, discount rate of 15.70% based on the Weighted Average Cost of Capital (“WACC”), discount for lack of control of 20% and discount for lack of marketability of 20%.

The Company has discussed with the Valuer about different aspects including the basis and assumptions based on which the Valuation has been prepared and has reviewed the principal assumption upon which the Valuation is based and the independent assurance report issued by Deloitte on the calculations of estimated net profit attributable to equity holders of the Target Company for 12-month ending 31 May 2019 in respect of the valuation of the entire equity interest in the Target Company. As such, the Board considers that the valuation method and the specific key assumptions adopted in the Valuation are fair and reasonable.

By the order of the Board of
Husoke Resources Holdings Limited
Li Baoqi
Executive Director

Hong Kong, 6 August 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.