

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **HUSCOKE HOLDINGS LIMITED**

### **和嘉控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 704)**

#### **DISCLOSEABLE TRANSACTION: ENTERING INTO OF SETTLEMENT AGREEMENT AND DISTRIBUTION OF CONSIDERATION SHARES**

##### **ENTERING INTO OF THE SETTLEMENT AGREEMENT**

The Board announces that on 6 September 2019, the Purchaser entered into the Settlement Agreement with the Vendor, the Guarantors and the Target Company in relation to the repurchase of the Sale Shares and the Subscription Shares and the Distribution of the Consideration Shares.

As certain of the relevant percentages exceed 5% but all below 25%, the entering into of the Settlement Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

##### **DISTRIBUTION OF THE CONSIDERATION SHARES**

The Company and the Vendor will enter into an escrow agreement with the Escrow Agent who will be an independent third party independent of and not connected with the Vendor, the Company and its connected persons for the Distribution of the Consideration Shares to the Qualifying Shareholders on a pro-rata basis (subject further assessment to regulatory requirements of relevant jurisdictions and practicability). Further announcement in relation to further details of and the expected timetable for the Distribution of the Consideration Shares will be announced by the Company as soon as practicable in compliance with the Listing Rules after the engagement of the Escrow Agent.

Reference is made to the announcement of Huscoke Holdings Limited (the “**Company**”) dated 20 July 2018, 6 August 2018, 30 November 2018 and 27 June 2019 respectively (the “**Announcements**”) in relation to, among others, acquisition of the Sale Shares of the Target Company and the subscription of the Subscription Shares of the Target Company by cash and issuing the Consideration Shares, and the issue of written notifications to the Vendor and the Guarantor to exercise its repurchase right under the SPA and the Subscription Agreement respectively to repurchase the Sale Shares and the Subscription Shares. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board announces that on 6 September 2019, the Purchaser entered into a settlement agreement (the “**Settlement Agreement**”) with the Vendor, the Guarantor and a company wholly owned by the Guarantor (collectively the “**Guarantors**”) and the Target Company in relation to the repurchase of the Sale Shares and the Subscription Shares and the Distribution of the Consideration Shares. Set out below are the principal terms of the Settlement Agreement.

### **(1) THE SETTLEMENT AGREEMENT**

**Date:** 6 September 2019 (after trading hours)

**Parties:**

- (1) The Purchaser
- (2) The Vendor
- (3) The Guarantors
- (4) The Target Company

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Vendor, the Guarantors and Target Company are independent of the Company and its connected persons (as defined in the Listing Rules) except those relationships as a result of the SPA and the Subscription Agreement.

### **Principal terms of Settlement Agreement**

As at the date of the Settlement Agreement, (i) the Company had already issued 129,831,263 Consideration Shares to the Vendor as consideration of the Sale Shares; and (ii) the Purchaser had already paid RMB20,000,000 out of the total consideration of RMB60,000,000 for the Subscription Shares. Pursuant to the terms of the Settlement Agreement, (i) the Guarantors will pay the Purchaser the sum of RMB20,000,000 plus an interest rate of 8% per annum in cash (calculated from the date of first payment by the Purchaser till repayment) on or before 16 December 2019 and the Purchaser will transfer the title of the Subscription Shares to the Guarantor after full receipt of the payment; (ii) the parties confirm that the Purchaser would not have to settle remaining subscription balance of RMB40,000,000 under the Subscription

Agreement; and (iii) the Company and the Vendor will enter into an escrow agreement with the Escrow Agent that the Vendor shall transfer all the Consideration Shares with an escrow agent (the “**Escrow Agent**”) within ten days of the Settlement Agreement or otherwise in accordance with the direction of the Company (the “**Transfer**”) and the Consideration Shares shall be distributed to the Shareholders (other than the Vendor) (the “**Qualifying Shareholders**”) on a pro rata basis (the “**Distribution**”) subject further assessment to regulatory requirements of relevant jurisdictions and practicability and the Purchaser will transfer the title of the Sale Shares to the Vendor upon completion of the Distribution of the Consideration Shares in accordance with the terms of the Settlement Agreement.

The Settlement Agreement shall be effective from the date of the Settlement Agreement. Upon the entering into of the relevant Settlement Agreement, the SPA and the Subscription Agreement will be superseded by the Settlement Agreement and cease to have effect and the Vendor and the Guarantors will be bound by the Settlement Agreement in accordance with the terms of the Settlement Agreement.

The terms and conditions of the Settlement Agreement were determined after arm’s length negotiations between the parties to the Settlement Agreement with reference to, among others, the repurchase terms of the SPA and the Subscription Agreement. The Directors (including the independent non-executive Directors) consider the consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

#### **Distribution of the Consideration Shares and the Record Date**

The 129,831,263 Consideration Shares represent approximately 4.66% of the issued share capital of the Company as at the date of this announcement. Based on the closing price of HK\$0.14 per Share as at the date of this announcement, the value of the 129,831,263 Consideration Shares amounts approximately HK\$18,176,000.

During the transitional period after the Transfer but before completion of the Distribution of the Consideration Shares, whilst the Vendor would still technically be the beneficial owner of the Consideration Shares, the Company will still have security collateral interests over the Consideration Shares after the Transfer and the Qualifying Shareholders will have interests over the Consideration Shares after the Distribution of the Consideration Shares.

The Company would not hold any treasury shares after the Transfer as the Consideration Shares after the Transfer will be registered under the name of the Escrow Agent pending the Distribution of the Consideration Shares. Whereas the Company will still have security collateral interests over the Consideration Shares after the Transfer and the Qualifying Shareholders will have interests over the Consideration Shares under the Distribution of the Consideration Shares, the Company will not be the holder of the relevant Consideration Shares and such Transfer would not constitute a share repurchase under Rule 10.06 of the Listing Rules and would not have implications under the Share Buy-Back Code.

It is expected that the Escrow Agent will be an independent third party independent of and not connected with the Vendor, the Company and its connected persons. Whilst the Escrow Agent as the registered holder of the Consideration Shares after the Transfer shall be entitled to voting right, receive dividend and other shareholder's rights after the Transfer, it is expected that the Escrow Agent shall not exercise such voting right and other shareholder's right pending completion of the Distribution of the Consideration Shares.

Under the Distribution, the Company will procure the Escrow Agent to release and transfer the Consideration Shares which will be held in the escrow of the Escrow Agent to the Qualifying Shareholders whose names appear on the register of members of the Company as at the record date to be determined and announced by the Board) (the "**Record Date**") on a pro-rata basis. The register of members of the Company will be updated in respect of the Distribution of the Consideration Shares.

### **Number of the Consideration Shares to be received**

As at the date of this announcement, the total issued Shares of the Company are 2,786,456,521 Shares. Assuming that no new Share will be allotted and issued during the period commencing from the date of this announcement and up to the Record Date, the number of Consideration Shares which Qualifying Shareholder is entitled to receive will be calculated as follows:

Number of Consideration Shares to be received (round down to the nearest whole number)

= (Number of existing Shares held on the Record Date ÷ (Total number of issued Shares as at the Record Date – 129,831,263 Consideration Shares)) x 129,831,263 Consideration Shares

The number of Consideration Shares to be received by each Qualifying Shareholder will be rounded down to the nearest whole number. For illustrative purpose, the Qualifying Shareholders will be entitled to receive 488 Consideration Shares for every board lot of 10,000 Shares.

No Qualifying Shareholders will be entitled to receive any fraction of a Share. Fractional entitlements resulting from the Distribution of the Consideration Shares will be sold by the Company in the market for its own benefit. Trading of odd lots of Shares of Qualifying Shareholders should note that they may receive Consideration Shares which are not in multiple board lots of the Shares, and dealings in odd lots of the Shares may be at a price below the prevailing market price of the Shares.

In order to facilitate the trading of odd lots of Shares, the Company will appoint a securities firm to provide matching service, on a best efforts basis, to those Qualifying Shareholders who wish to acquire odd lots of Consideration Shares to make up a full board lot or to dispose of their holdings of odd lots of Consideration Shares for a period of 30 days immediately after the Distribution of the Consideration Shares. Qualifying Shareholders should note that the matching of and the sale and purchase of odd lots of Consideration Shares is on a best efforts basis, and is not guaranteed and will depend on whether there are adequate amounts of odd lots of the Consideration Shares available for such matching. Qualifying Shareholders are advised to consult their own professional advisers if they are in doubt about the matching service described above.

## **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation or other legal implications of holding or dealing in the Consideration Shares. It is emphasized that none of the Company or its Directors accept responsibility for any tax effects or liability of holders of the Consideration Shares resulting from holding or disposal of, or dealing in the Consideration Shares.

## **Expected Timetable**

The expected timetable for the Distribution of the Consideration Shares including the Record Date will be announced by the Company as soon as practicable in compliance with the Listing Rules after the engagement of the Escrow Agent.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in the Cayman Islands with limited liability. The Target Company holds the entire issued share capital of EDB Holding Limited, a company incorporated in Hong Kong which in turn holds the entire equity interests of two PRC Subsidiaries. The two PRC Subsidiaries through certain Structured Contracts control 北京聖特爾科技發展有限公司, which together with its PRC Subsidiaries is a China-based software service provider which the major product named E 店寶, is an E-commerce Resources operation management software.

According to the audited consolidated financial statements of the Target Group, the turnover, net loss before taxation and net loss after taxation for the year ended 31 December 2018 would be approximately RMB133,445,000, approximately RMB4,681,000 and approximately RMB 5,041,000 respectively. According to the audited consolidated financial statements of the Target Group, the turnover, net loss before taxation and net loss after taxation for the year ended 31 December 2017 would be approximately RMB83,396,000, approximately RMB3,699,000 and approximately RMB3,699,000 respectively. The audited consolidated total assets and net assets of the Target Group as at 31 December 2018 are approximately RMB113,420,000 and approximately RMB8,382,000 respectively.

The Target Company ceased to be an associate of the Company under relevant accounting standards from the date of written notifications. After Completion of the Distribution of the Consideration Shares and the transfer of the Subscription Shares and the Sale Shares to the Guarantors and the Vendor respectively in accordance with the terms of the Settlement Agreement, the Company shall cease to have any interests in the Target Group.

## REASONS FOR THE TRANSACTIONS

The Group is principally engaged in three business segments, namely: (i) trading of coke (the “Coke Trading Segment”); (ii) washing of raw coal into refined coal for sale and for further processing, and the sale of electricity and heat which are generated with by-products produced during washing of raw coal (the “Coal-related Ancillary Segment”); and (iii) processing of refined coal into coke for sale, and sale of coke by-products that are generated during coke production (the “Coke Production Segment”).

The Directors consider that the entering into of the Settlement Agreement represents an opportunity on the part of the Group to realise its investments in the Target Company.

The Board has considered repurchase and cancellation of the Consideration Shares as an alternative instead of the Distribution of the Consideration Shares. However, such repurchase and cancellation of the Consideration Shares may involve capital reduction on the part of the Company and may take longer time for the Company to comply with relevant Bermuda legal requirements for capital reduction. As such, the Board considers that the Distribution of the Consideration Shares is in the interests of the Company and its Shareholders as a whole.

The Directors consider that the Settlement Agreement are entered into upon normal commercial terms following arm’s length negotiations between the Purchaser and the relevant parties and that the terms and conditions of the Settlement Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

### Effects on the shareholding structure of the Company

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Distribution of the Consideration Shares are summarised as follows:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after the Distribution of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Vendor	129,831,263	4.66%	-	-
Shun Wang Investments Limited <sup>(1)</sup>	1,400,000,000	50.24%	1,468,419,047	52.70%
To Wing Tim, Paddy <sup>(2)</sup>	232,000	0.01%	243,338	0.01%
Other public Shareholders	1,256,393,258	45.09%	1,317,794,136	47.29%
	<u>2,786,456,521</u>	<u>100.00%</u>	<u>2,786,456,521</u>	<u>100.00%</u>

- (1) Shun Wang Investments Limited is wholly-owned by Whole Advance Limited. Mr. Zhao Xu Guang, an executive Director and chairman of the Company, is the ultimate sole holder of the voting ordinary shares of Whole Advance Limited, which in turn holds the entire issued share capital of Shun Wang Investments Limited.
- (2) Mr. To Wing Tim, Paddy, an independent non-executive Director of the Company, and his spouse, respectively hold 60,000 Shares and 172,000 Shares. Accordingly, Mr. To Wing Tim, Paddy is deemed to have interest in 232,000 Shares.

## **LISTING RULES IMPLICATIONS**

As the relevant percentages exceed 5% but all below 25%, the entering into of the Settlement Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

By order of the Board of  
**Husoke Holdings Limited**  
**So Chiu Fung**  
*Executive Director*

Hong Kong, 6 September 2019

*As at the date of this announcement, the Board comprises Mr. Zhao Xu Guang (Chairman), Mr. Li Qinghua, Mr. So Chiu Fung and Mr. Wang Yijun 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.*