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HUSCOKE HOLDINGS LIMITED

和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share.

The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of poll at the SGM. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the SGM.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. The Circular containing, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size; and (ii) a notice convening the SGM, is expected to be despatched to the Shareholders on or before Friday, 30 October 2020.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share.

EFFECTS OF THE SHARE CONSOLIDATION

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 2,870,713,497 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation, the authorised share capital of the Company shall become HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 287,071,349 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Company's memorandum of association and bye-laws.

As at the date of this announcement, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.055 per Existing Share (equivalent to the theoretical closing price of HK\$0.55 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$550; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$5,500 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 5,000 Consolidated Shares would be HK\$2,750 assuming that the Change in Board Lot Size had also been effective.

Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation of the Share Consolidation and the Change in Board Lot Size will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

FRACTIONAL ENTITLEMENT TO THE CONSOLIDATED SHARES

Fractional Consolidated Shares, if any, will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

CONDITIONS AND EXPECTED EFFECTIVE DATE OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Bermuda and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation and the Change in Board Lot Size is expected to be on Monday, 23 November 2020, being the second Business Day after the SGM. As at the date of this announcement, none of the conditions above had been fulfilled.

APPLICATION FOR LISTING OF THE CONSOLIDATED SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made by the Company for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

ARRANGEMENT ON ODD LOT TRADING AND MATCHING SERVICES

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular to be despatched to the Shareholders.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation and the Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Monday, 28 December 2020, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in blue colour in order to distinguish them from the share certificates for the Existing Shares which are in beige colour.

REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past six months, the share price of the Company has been trading at or below HK\$0.12, and the closing price of the Existing Shares on the date of this announcement was HK\$0.055. The existing board lot value has been less than HK\$2,000. Based on the closing price of HK\$0.055 per Existing Share as at the date of this announcement and the existing board lot size of 10,000 Existing Shares, the Board resolved to propose the Share Consolidation and the Change in Board Lot Size, resulting in HK\$0.55 per Consolidated Share and HK\$2,750 per board lot of 5,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules.

The Directors consider that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Furthermore, the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

In view of the above reasons, the Company considers the Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

As disclosed in the announcement of the Company dated 17 September 2020, the Company entered into the M&A Framework Agreement with the JV Subsidiary and the Target Company, pursuant to which the Company may through direct investment and/or establishment of a merger and acquisition fund to acquire and subscribe for more than 50% of the enlarged share capital of the Target Company. The parties shall negotiate and enter into formal agreement(s) pursuant to the major business terms as set out under the M&A Framework Agreement.

As at the date of this announcement, the M&A Framework Agreement is still at a preliminary stage, and the Directors do not have any plan on issuing of equity securities to settle the consideration for the possible acquisition in the next 12 months.

However, the consideration structure of the possible acquisition is subject to further negotiation between the parties and remains to be finalized. The Company will make further announcement in connection with the possible acquisition as and when appropriate under the requirements of the Listing Rules.

Saved for disclosed above, as at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any other concrete plan to conduct any other fund-raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board believes that the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Date and time
Expected date of despatch of the Circular with notice and form of proxy of the SGM	Friday, 30 October 2020
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM	Friday, 13 November 2020, 4:30 p.m.
Closure of register of members for the entitlement to attend and vote at the SGM	Monday, 16 November 2020 to Thursday, 19 November 2020 (both days inclusive)
Latest date and time for lodging forms of proxy for the SGM (not less than 48 hours prior to time of the SGM)	Tuesday, 17 November 2020, 3:00 p.m.
Expected date and time of the SGM	Thursday, 19 November 2020, 3:00 p.m.
Announcement of poll results of the SGM	Thursday, 19 November 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size:

Effective date of the Share Consolidation	Monday, 23 November 2020
First date for free exchange of existing share certificates for new share certificates for Consolidated Shares	Monday, 23 November 2020
Commencement of dealings in the Consolidated Shares	Monday, 23 November 2020, 9:00 a.m.

Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	Monday, 23 November 2020, 9:00 a.m.
Temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	Monday, 23 November 2020, 9:00 a.m.
Original counter for trading in Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	Monday, 7 December 2020, 9:00 a.m.
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	Monday, 7 December 2020, 9:00 a.m.
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins	Monday, 7 December 2020, 9:00 a.m.
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	Monday, 28 December 2020, 4:10 p.m.
Temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes	Monday, 28 December 2020, 4:10 p.m.
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) ends	Monday, 28 December 2020, 4:10 p.m.
Last date for free exchange of existing share certificates for new share certificates for Consolidated Shares	Wednesday, 30 December 2020

WARNING

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “CONDITIONS AND EXPECTED EFFECTIVE DATE OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE”. And the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on

the resolution in relation to the Share Consolidation at the SGM. The Circular containing, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size, and (ii) a notice convening the SGM, is expected to be despatched to the Shareholders on or before Friday, 30 October 2020.

DEFINITIONS

“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Consolidated Shares
“Circular”	the circular of the Company to be despatched to the Shareholders to provide, among other things, (i) further details regarding the Share Consolidation and the Change in Board Lot Size, and (ii) a notice convening the SGM
“Company”	Huscoke Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 704)
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“JV Subsidiary”	山西金岩和嘉能源有限公司 GRG Huscoke (Shanxi) LTD (formerly known as Shanxi Jinyan Huscoke Energy Company Limited*), a company established in the PRC with limited liability and is an indirect 90% owned subsidiary of the Company
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“M&A Framework Agreement”	a Merger and Acquisition Framework Agreement entered into between the Company, the JV Subsidiary and the Target Company on 16 September 2020
“SGM”	the special general meeting of the Company to be convened for the purpose of, among other things, considering and, if thought fit, approving the Share Consolidation
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed share consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	山西金岩能源科技有限公司 Shanxi Jinyan Energy Technology Company Limited*, a company established in the PRC with limited liability and is principally engaged in coke production and coke trading business.

By order of the Board of
Huscoke Holdings Limited
Au Wing Sze
Company Secretary

Hong Kong, 8 October 2020

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

** For identification purposes only*