

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)

INSIDE INFORMATION

THE LITIGATION OF GRG HUSCOKE

This announcement is made by Huscoke Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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).

References are made to the announcements of the Company dated 26 April 2021, 10 May 2021, 3 June 2021, 7 June 2021, 28 June 2021, 26 July 2021 and 28 September 2021, in relation to, among other things, (i) the Possible Loan; (ii) the Resumption Guidance; (iii) the investigation on GRG Huscoke and formation of the independent investigation committee; (iv) the engagement of independent investigative accountant; (v) the quarterly update; and (vi) update on the preliminary findings of the independent investigation committee (the “**Announcement(s)**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

THE LITIGATION OF GRG HUSCOKE

Da Tong Law Office of Guang Dong, the independent legal adviser engaged by the Independent Investigation Committee of the Company discovered on the public information platform and noticed that, a case of GRG Huscoke was first filed and enforced by the Intermediate People’s Court of Lüliang City on 13 September 2021. The Company made an enquiry with GRG Huscoke and was informed that, the High People’s Court of Shanxi Province issued a final civil judgement on 5 July 2021, and the civil judgement of first instance issued by the Intermediate People’s Court of Lüliang City of Shanxi Province dated 3 November 2020 was also provided to the Company (the “**Judgement**”), in relation to, among other things, the judgement of recovery made by China Minsheng Banking Corp., Ltd. Lüliang Branch (“**Minsheng Bank**”) as the plaintiff to GRG Huscoke, Shanxi Qiantong New Energy Development Group Company

Limited* (山西乾通新能源開發集團有限公司) (“**Qiantong New Energy**”), Xiaoyi Jinyan Electricity Coke Chemical Company Limited* (孝義市金岩電力煤化工有限公司) (“**Jinyan Electricity**”), Xiaoyi Jinyan Building Materials Company Ltd* (孝義市金岩新型建材有限公司) (“**Jinyan Building Materials**”), Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司) (“**Energy Technology**”), Mr. Yang Ge*, Mr. Wen Kezhong* and Ms. Liu Yanping* regarding the disputes over the working capital loan agreements and relevant pledge agreements, guarantee agreements, security agreements and irrevocable security letters entered into on 29 March 2017 (the “**Litigation**”).

The Litigation was due to that Minsheng Bank entered into the working capital loan agreement with GRG Huscoke on 29 March 2017, pursuant to which GRG Huscoke borrowed an amount of RMB99,970,000 from Minsheng Bank for a term of one year with a loan interest rate of 4.35% (the “**Loan**”), and pledged by the forest land use right of Qiantong New Energy with an area of 1076.19 Mu as security. Jinyan Electricity, Jinyan Building Materials, Energy Technology, Mr. Yang Ge*, Mr. Wen Kezhong* and Ms. Liu Yanping* assumed joint and several guarantee liabilities for the Loan. Upon the expiry of the Loan on 31 March 2018, GRG Huscoke failed to pay the principal and interest when it was overdue. Minsheng Bank filed a lawsuit request with the court and the Intermediate People’s Court of Lüliang City of Shanxi Province rendered the first instance judgement on 3 November 2020. Minsheng Bank filed an appeal against the first instance judgement and the High People’s Court of Shanxi Province rendered the final judgement on 5 July 2021.

SUMMARY OF THE LITIGATION

Pursuant to Article 39 of the Interpretation of the Supreme People’s Court on Certain Issues Concerning the Application of the Guarantee Law of the People’s Republic of China* (最高人民法院關於適用〈中華人民共和國擔保法〉若干問題的解釋) and Article 144, Article 170(1)(i) and (ii) of the Civil Procedure Law of the People’s Republic of China* (中華人民共和國民事訴訟法), the final judgement was as follows:

1. GRG Huscoke shall repay the principal and interest of the Loan in the sum of RMB109,694,558.23 as of 21 June 2019 to Minsheng Bank within one month after the Judgement becomes effective (the “**Debt**”);
2. GRG Huscoke shall repay the agreed interest and penalty interest from 22 June 2019 to the date of full repayment of the outstanding principal amount of the Loan, based on the principal of RMB99,970,000, to Minsheng Bank within one month after the Judgement becomes effective;
3. Minsheng Bank shall be entitled to the priority of compensation for the forest land use right of Qiantong New Energy with an area of 1076.19 Mu located in Anze County, Linfen City, Shanxi Province. Upon the enforcement of the right of pledge by Minsheng Bank, Qiantong New Energy shall have the right to recover compensation against GRG Huscoke; and
4. Jinyan Electricity, Jinyan Building Materials, Energy Technology, Mr. Yang Ge*, Mr. Wen Kezhong* and Ms. Liu Yanping* assumed joint and several repayment liabilities. Jinyan Electricity, Jinyan Building Materials, Energy Technology, Mr. Yang Ge*, Mr. Wen Kezhong* and Ms. Liu Yanping* shall have the right to recover compensation against GRG Huscoke upon the enforcement of joint and several repayment liabilities.

The Company has convened a meeting of the Board on the Litigation, and requested for the explanation from representative of GRG Huscoke. GRG Huscoke's representative confirmed that (1) the working capital loan agreement was signed in 2017 and had not reported to the Company; (2) as at the date of this announcement, GRG Huscoke has not repaid the Debt of the Litigation. GRG Huscoke's representative verified that the Loan was one of the Possible Loans under the recent independent investigation. All the members of the Board confirmed that they were not aware of the Loan and the Litigation during the relevant period as mentioned above, and believed that certain directors and management of GRG Huscoke intentionally conceal the fact and the process of the Litigation from the Board and the auditor of the Company over the years. The overall operational and financial impact of the Litigation on the Group is subject to the determination upon the confirmation of final implementation on enforcement with respect to the Litigation and the investigation and processing results of Possible Loans. The Company shall seek the legal advice from the PRC legal adviser in respect of the legal liabilities against the management of GRG Huscoke and all the above-mentioned persons involved in the case. The Company will notify shareholders of the Company and potential investors on the overall operational impact, financial impact, relevant judicial procedures and legal proceedings in due course.

Since the Independent Investigation Committee of the Company has engaged RSM Corporate Advisory (Hong Kong) Limited to conduct an independent investigation of the matters in relation to the Possible Loans and the contingent liabilities, the Company will continue to update the shareholders of the Company and potential investors on, among others things, the investigation as and when appropriate and in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 29 March 2021, and will remain suspended until further notice.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 October 2021

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*