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HUSCOKE HOLDINGS LIMITED

和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

QUARTERLY UPDATE ANNOUNCEMENT AND DELAY IN DESPATCH OF CIRCULAR

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 28 December 2020, 25 March 2021, 29 March 2021, 31 March 2021, 15 April 2021, 22 April 2021, 26 April 2021, 10 May 2021, 3 June 2021, 7 June 2021, 28 June 2021, 26 July 2021, 19 August 2021, 28 September 2021, 15 October 2021, 21 October 2021, 28 October 2021, 28 December 2021, 4 January 2022, 18 January 2022, 8 February 2022, 17 February 2022, 10 March 2022, 28 March 2022, 19 April 2022 and 26 May 2022 in relation to, inter alia, (i) the suspension of trading of the Shares; (ii) the quarterly update announcements; (iii) the delay in publication of audited annual results announcement and despatch of annual report for the years ended 31 December 2020 and 2021, and the delay in publication of interim results and despatch of interim report for the six months ended 30 June 2021; (iv) the investigation on the Incident; (v) the update on findings of the Independent Investigation Committee in relation to the Incident and the Supplemental Independent Investigation Report; (vi) the engagement of an independent internal control adviser; (vii) the Resumption Guidance; and (viii) the settlement arrangement pursuant to the Agreement in favour of the Group as a result of the Incident (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

BUSINESS UPDATE

On 10 June 2022, GRG Huscoke reported to the Group that GRG Huscoke would cease to undertake heating services to the city from 2022 to 2023. Therefore, the existing heating plant and power plant of GRG Huscoke need to be shut down and removed.

Further announcement(s) will be made by the Company to update the Shareholders and the market in relation to other updates on relevant measures and business development as and when appropriate and in accordance with the Listing Rules.

RESUMPTION GUIDANCE AND RESUMPTION UPDATE

- (i) *Conduct an appropriate investigation into the Loans (including the Possible Loan) and the Contingent Liabilities (including the Guarantees), assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions.*

Da Tong had submitted the Report and the Supplemental Investigation Report (collectively, the “**Reports**”) to the Independent Investigation Committee on 17 January 2022 and 20 May 2022 respectively, setting out the results of the Investigation and the Supplemental Investigation (collectively, the “**Investigations**”), details of which were set out in the announcements of the Company dated 18 January 2022 and 26 May 2022. The results of the Investigations enabled the Independent Investigation Committee to conclude the basic facts and the legal nature of the Incident and assess the impact on the Company's business operation and financial position, and the Independent Investigation Committee had also taken into consideration of Da Tong's legal opinion about remedy and compensation action relating to the Incident.

On 15 March 2022, the Company has entered into the Agreement regarding the implementation of the remedy and compensation plan for the Incident within the framework permitted by law on the premise of fully protecting the legal rights of the Company and protecting and seeking for the best interests of shareholders of the Company. Upon completion of the transactions contemplated under the Agreement, it is expected that the Company will hold the Target Assets through the New Subsidiary.

Moreover, the Company is in negotiations and discussions with parties regarding the feasibility of the disposal of GRG Huscoke.

Further announcement(s) will be made by the Company to update the Shareholders and the market as and when appropriate and comply with applicable requirements under the Listing Rules.

- (ii) *Publish all outstanding financial results required under the Listing Rules and address any audit modifications.*

Zhonghui Anda CPA Limited, auditor of the Company (“**Zhonghui Anda**”) is currently conducting the audit work in relation to the preparation of the Group's outstanding financial results as required by the Listing Rules (i.e. the 2020 Audited Annual Results, the 2020 Annual Report, the unaudited 2021 Interim Results, the 2021 Interim Report, the 2021 Audited Annual Results and the 2021 Annual Report). As of the date of this announcement, Zhonghui Anda informed the Company that the audit work of the financial figures of the Group has been completed. The Company is in final stage of discussion with Zhonghui Anda to address the concerns in relation to its professional judgement and outstanding financial results and reports will be published as soon as practicable.

- (iii) *Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules.*

Pursuant to the terms and conditions under the Agreement, it is expected that upon the completion of the transactions contemplated under the Agreement, the Group will be able to maintain its original business model and to resume its coke production and trading business operation through the Target Assets. The Target Assets allow the Group to improve the production quality of its coke products and double its production scale as compared to that prior to the Shut-down, which results the Group in having sufficient level of operations and assets and complying with Rule 13.24 of the Listing Rules.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Cooperation Agreement and the Agreement are more than 100%, such transactions constitute a very substantial transaction of the Company under Chapter 14 of the Listing Rules and therefore are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is finalizing the information to be contained in the circular which will be published and despatched to the Shareholders and the market as and when appropriate.

- (iv) *Inform the market all material information for the Company's shareholders and investors to appraise the Company's position.*

The Company will continue to keep the Shareholders and potential investors of the Company informed of all material information to appraise the Company's position. Further announcement(s) will be made by the Company on any material developments of the Group as and when appropriate and in accordance with the Listing Rules.

- (v) *Conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.*

As set out in the Company's announcement dated 10 March 2022, the Company has appointed Zhonghui Anda Risk Services Limited (the "IC Adviser") as the independent internal control adviser to the Company to conduct a comprehensive review of the internal controls and procedures of the Group and make recommendations of remedial measures as and when necessary. As at the date of this announcement, the Company is cooperating with the IC Adviser in preparing the IC Report and to disclose the results of the IC Report as soon as practicable.

- (vi) *Demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence.*

Save for the Investigations conducted by Da Tong, the Company is also working with the IC Adviser to demonstrate that there will be no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence.

- (vii) *Demonstrate that the Directors meet a standard of competence commensurate with their positions as directors of a listed issuer to fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules.*

The Directors will continue to take the necessary and appropriate actions as described in this announcement as and when appropriate to demonstrate their competence commensurate as directors of a listed issuer to fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules as well as fulfilling all the other Resumption Guidance to achieve Resumption.

The Company will continue to update the Shareholders and potential investors of the Company on, among other things, the progress of the Company's fulfillment of the Resumption Guidance as and when appropriate and in accordance with the Listing Rules.

DELAY IN DESPATCH OF CIRCULAR AND PUBLICATION OF OUTSTANDING ANNUAL RESULTS AND ANNUAL REPORTS

Reference is made to the announcement of the Company dated 19 April 2022 in relation to, the entering into the Agreement, which mentioned that a circular containing, among other things, (i) further details of the transactions contemplated under the Cooperation Agreement and the Agreement; (ii) the notice of the SGM; and (iii) other information as required under the Listing Rules will be despatched to the Shareholders on or before 30 June 2022. As additional time is required to prepare and finalise certain information to be contained in the circular, the expected date of despatch of the circular will be postponed to a date on or before 15 August 2022.

As mentioned in the above, as of the date of this announcement, the Company is in final stage of discussion with Zhonghui Anda to address the concerns in relation to its professional judgement and outstanding financial results and reports will be published as soon as practicable.

CONTINUED SUSPENSION OF TRADING

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

The Board will continue to assess and monitor the impact of the suspension of trading on the operation and financial performance of the Group. The Company will take appropriate measures as necessary and make further announcements as and when appropriate and in accordance with the Listing Rules.

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

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

Hong Kong, 28 June 2022

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, Mr. Jiang Jiansheng and Mr. Tang Ching Fai as non-executive Directors; Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin as independent non-executive Directors.