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## **HUSCOKE HOLDINGS LIMITED**

### **和嘉控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 704)**

**(I) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN THE DISPOSAL  
COMPANY;  
AND  
(II) CONTINUED SUSPENSION OF TRADING**

**Financial Adviser to the Company**

**VEDA | CAPITAL**  
**智 略 資 本**

#### **THE DISPOSAL**

The Board is pleased to announce that on 26 July 2022, after trading hours, the Vendor and Mr. Yang have entered into the Disposal Agreement, pursuant to which, among other matters, the Vendor conditionally agreed to sell and Mr. Yang conditionally agreed to acquire the Sale Shares, representing the entire equity interest of the Disposal Company, and the Sale Loans, representing the entire amount of the loans owed by the Disposal Company to the Company which amounted to HK\$643,185,000 as at 30 June 2022, for a cash consideration of HK\$1.

Upon completion of the Disposal, members of the Disposal Group will cease to be subsidiaries of the Company and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, as certain applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Disposal Agreement are more than 75%, such transactions constitute a very substantial disposal 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 Mr. Yang is still nominally regarded as a director of a non-wholly owned

subsidiary of the Company for being the chairman of the board of GRG Huscoke, he should be regarded as a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SGM**

The SGM will be convened to consider and, if thought fit, among other things, approve the transactions contemplated under the Disposal Agreement. The aforementioned resolutions will be voted on by the Shareholders by way of poll. A circular containing, among other things, (i) further details of the transactions contemplated under the Disposal Agreement; (ii) the financial information of the Group; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal Agreement; (iv) the letter of advice from SBI China Capital Hong Kong Securities Limited ; (v) the notice of the SGM; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 29 August 2022, so as to allow sufficient time for the Company to prepare all the required information for inclusion in the circular.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Mr. Yang, who holds 324,208 Shares, no Shareholders have a material interest in the transactions contemplated under the Disposal Agreement and no Shareholders would have to abstain from voting at the SGM in respect of the transactions contemplated under the Disposal Agreement. Save for Mr. Wong Siu Hung Patrick, who is a non-executive Director and the director of GRG Huscoke, no other Directors has material interest in the Disposal Agreement and is required to abstain from voting on the resolutions passed by the Board to approve the foregoing matters.

## **GENERAL**

The Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the Disposal Agreement and the transactions contemplated thereunder. SBI China Capital Hong Kong Securities Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Shareholders and potential investors of the Company should note that completion of the Disposal is conditional upon satisfaction of certain conditions precedent as set out in this announcement. The Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.**

## **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.

**Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 28 September**

**2022. If the Company fails to fulfill all the Resumption Guidance, address all issues arising from time to time causing its trading suspension, and re-comply with the Listing Rules by 28 September 2022, the Stock Exchange is entitled to delist the Company under the Listing Rules.**

**The publication of this announcement and completion of the Disposal do not indicate any decision or conclusion from the Stock Exchange not to delist the Company nor warrant any approval from the Stock Exchange on the Resumption.**

**The publication of this announcement and completion of the Disposal do not indicate any decision or conclusion from the Stock Exchange about the Company's fulfilment of the Resumption Guidance, including compliance with Rule 13.24 of the Listing Rules.**

**The Company will disclose updates on the satisfaction of Resumption Guidance by way of announcement, as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.**

## **BACKGROUND**

### **The Incident**

With reference to the VSA Announcement, the Board arranged to conduct the Investigations on the Incident. According to the Investigations, among other matters, Jinyan Electricity and the then directors and management of GRG Huscoke, without obtaining the Group's proper authorisations, was found to conduct loans from banks without authorisation, including the Possible Loan, the Loans and the Contingent Liabilities and that such loans were not booked in the financial statements of the Group. As at 30 June 2022, the total liabilities arisen from the Incident comprise the outstanding balance of the Possible Loan borrowed by GRG Huscoke in the amount of RMB307,442,787, the Loans borrowed by GRG Huscoke with accrued interests in the amount of RMB366,591,960 and the Contingent Liabilities undertaken by GRG Huscoke in the amount of RMB77,775,342.

### **The Possible Loan, the Loans and the Contingent Liabilities**

As at 30 June 2022, the Possible Loan borrowed by GRG Huscoke was in the amount of RMB307,442,787. On 6 January 2021, Cinda Shanxi entrusted Taiyuan Public Resources Auction Center to conduct an auction of the debt of the Possible Loan. On 11 January 2021, the Possible Loan was successfully purchased by Shanxi Zhengbenyuan in its bidding at the consideration of RMB25,500,000. On 15 March 2022, GRG Huscoke, as the purchaser, has reached an agreement with Shanxi Zhengbenyuan, as the vendor, to purchase the debt of the Possible Loan at the consideration of RMB25,500,000, being the same bidding consideration paid by Shanxi Zhengbenyuan in purchasing the debt of the Possible Loan. After arm's length negotiations, the consideration of the Possible Loan in the amount of RMB25,500,000 was agreed to be paid by GRG Huscoke on or before 31 December 2022. Immediately after such payment, GRG Huscoke will be released from the obligation from the Possible Loan.

As at 30 June 2022, the Loans with accrued interests amounted to RMB366,591,960, comprising the Loans with accrued interests from Minsheng Bank of RMB133,830,878 and Loans with accrued interests from Hua Xia Bank of RMB232,761,082.

The outstanding bank loans from Minsheng Bank have been treated as a non-performing asset and is being auctioned. Jinyan Electricity is participating in the bidding process of the auction and is expected to purchase the Loans from Minsheng Bank at the consideration of RMB35,000,000. GRG Huscoke will settle it with Jinyan Electricity at the same bidding consideration paid by Jinyan Electricity, being the same settlement method of the Possible Loan as mentioned in the above.

GRG Huscoke is in negotiation with Hua Xia Bank and Energy Technology in respect of the loan assignment of the Loans from Hua Xia Bank, upon which the legal borrower position of GRG Huscoke will be assigned to Energy Technology and GRG Huscoke will be released from the obligation from the Loans from Hua Xia Bank.

As an extension of the remedy plan for the Incident and in order to resolve the adverse impact arisen from the Incident from the Group, facilitate the Group's operation and further strive for the interest of the Company and the Shareholders as a whole, the Company has entered into the Disposal Agreement to dispose of the Disposal Group and carve out GRG Huscoke, being one of the entities involved in the Incident. Further details of the Disposal Agreement are set out in the section headed "THE DISPOSAL AGREEMENT" below.

### **The Agreement, the Total Receivables and the resulting Outstanding Balance**

On 15 March 2022, after trading hours, the Company, GRG Huscoke, Energy Technology, Jinyan Electricity and ILNG have entered into the Agreement, among other matters, to set out the principal terms supplement the terms of the Cooperation Agreement with the inclusion of remedy and compensation actions as a result of the Incident. Pursuant to the Agreement, after arm's length negotiation between the Company and Energy Technology, (i) Energy Technology will transfer not less than 90% equity interests in the Target Subsidiary (the actual percentage will be subject to the valuation report of the Target Assets which will be included in the circular to be despatched to the Shareholders) which holds the Target Assets to the New Subsidiary, i.e. the Assets Transfer; and (ii) the Total Receivables owed by Energy Technology and Jinyan Electricity to GRG Huscoke will be offset. There will be no cash inflow of the Group for the abovementioned compensation. Since the New Subsidiary will receive the equity interests in the Target Subsidiary at the expense of offsetting the Total Receivables payable from Energy Technology to GRG Huscoke, the abovementioned transactions will incidentally result in the Outstanding Balance payable by the New Subsidiary to GRG Huscoke in the same amount as the Total Receivables. To facilitate the Disposal, the New Subsidiary and GRG Huscoke entered into the Waive Agreement in respect of the Waive in the interest of the Group and the Shareholders as a whole, further details of which are set out in the sub-section headed "The Waive Agreement" below.

The aggregate value of the Target Assets is estimated to be approximately RMB1,700,000,000 based on the investment that has been made by Energy Technology. The Company has appointed an independent valuer to appraise the value of the Target Assets. The Total Receivables amounted to RMB1,362,312,686 as at 30 June 2022, comprising (i) the receivables owed by Energy Technology to GRG Huscoke in the amount of RMB41,356,235; (ii) the receivables owed by Jinyan Electricity and its related parties to GRG Huscoke in the amount of RMB646,921,704; and (iii) recognised liabilities arising from the Incident, being the Possible Loan and the Loans in the total amount of RMB674,034,747. Under the circumstances that the Contingent Liabilities have occurred and are to be recognised, Energy Technology and Jinyan Electricity will be obligated to compensate the Contingent Liabilities to GRG Huscoke by the way of increasing the Total Receivables in the same amount as the Contingent Liabilities. The actual amount of the Total Receivables as at the date of the completion of the Agreement is subject to review by reporting accountant appointed by the Company.

**THE DISPOSAL**

The Board is pleased to announce that on 26 July 2022, after trading hours, the Vendor and Mr. Yang have entered into the Disposal Agreement, pursuant to which, among other matters, the Vendor conditionally agreed to sell and Mr. Yang conditionally agreed to acquire the Sale Shares, representing the entire equity interest of the Disposal Company, and the Sale Loans, representing the entire amount of the loans owed by the Disposal Company to the Company which amounted to HK\$643,185,000 as at 30 June 2022, for a cash consideration of HK\$1.

**THE DISPOSAL AGREEMENT**

The principal terms of the Disposal Agreement are summarized as follows:

- Date: 26 July 2022
  
- Parties: (i) The Vendor, as the vendor; and  
(ii) Mr. Yang, as the purchaser.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding, which is a direct wholly-owned subsidiary of the Company and is the legal and beneficial owner of the entire equity interests of the Disposal Company.

Mr. Yang had been a legal representative and the chairman of the board of GRG Huscoke since September 2011. As Mr. Yang was mainly responsible for and was one of the wrongdoers in the Incident, on 22 October 2021, he has submitted a resignation application to the Company and both his duties and powers as the legal representative and chairman of the board of GRG Huscoke have been suspended since 22 December 2021. However, as GRG Huscoke was restricted from changing the business registration under legal enforcement by the court, Mr. Yang is still nominally regarded as a legal representative and the chairman of the board of GRG Huscoke and is a connected person of the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for disclosed above, there is no relationship between Mr. Yang and his respective associates and their ultimate beneficial owners, the Company and any of their connected persons.

### **Assets to be disposed**

The Sale Shares, representing the entire equity interest of the Disposal Company, and the Sale Loans, representing the entire amount of the loans owed by the Disposal Company to the Company which amounted to HK\$643,185,000 as at 30 June 2022.

### **Consideration**

The consideration for the Disposal is HK\$1, which shall be payable by Mr. Yang to the Vendor.

### **Basic of consideration**

The consideration for the Disposal was determined based on arm's length negotiations between the parties to the Disposal Agreement with reference to, including but not limited to, (i) the ceased operation of GRG Huscoke which is also one of the main entities involved in the Incident; (ii) the net liabilities of the Disposal Group of approximately HK\$608.11 million as at 30 June 2022; (iii) the Sale Loans in the amount of HK\$643,185,000 as at 30 June 2022; and (iv) the Waive as set out in the sub-section headed "The Waive Agreement" below. Having considered that above, the Board is of the view that the consideration of the Disposal is on normal commercial terms fair, reasonable and in the interests of the Company and the Shareholders as a whole.

### **The Waive Agreement**

As mentioned in the above, pursuant to the Agreement, (i) Energy Technology will transfer not less than 90% equity interests in the Target Subsidiary (the actual percentage will be subject to the valuation report of the Target Assets which will be included in the circular to be despatched to the Shareholders) which holds the Target Assets to the New Subsidiary, i.e. the Assets Transfer; and (ii) the Total Receivables owed by Energy Technology and Jinyan Electricity to GRG Huscoke will be offset. Since the New Subsidiary will receive the equity interests in the Target Subsidiary at the expense of offsetting the Total Receivables payable to GRG Huscoke, the abovementioned transactions will incidentally result in the Outstanding Balance payable by the New Subsidiary to GRG Huscoke in the same amount as the Total Receivables.

To facilitate the Disposal, on 26 July 2022, the New Subsidiary and GRG Huscoke entered into the Waive Agreement, pursuant to which GRG Huscoke will waive the New Subsidiary the Outstanding Balance to a remaining amount of RMB60,000,000, which was arrived at after arm's length negotiations and with reference to the expected amount required for the settlement of the Possible Loan and the Loans from Minsheng Bank by the Group through GRG Huscoke,

namely (i) the consideration of the Possible Loan in the amount of RMB25,500,000 agreed to be paid by GRG Huscoke for releasing its obligation from the Possible Loan; and (ii) the expected consideration in the amount of approximately RMB35,000,000 to be paid by GRG Huscoke for the settlement of the Loan from Minsheng Bank. The remaining amount of the Outstanding Balance of RMB60,000,000, which represents the amount for GRG Huscoke to settle the Possible Loan and the Loans, will be payable by the New Subsidiary to GRG Huscoke within 5 years after the Waive. After the Waive, GRG Huscoke will then settle the Possible Loan and the Loans and the Group will in exchange receive the Target Assets. Moreover, the Waive will facilitate the Disposal to carve out GRG Huscoke from the Group. In light of the above, the Board is of the view that the entering into the Waive Agreement is fair, reasonable and in the interests of the Company and the Shareholders as a whole.

The Waive is conditional upon the satisfaction of the following:

- (i) the transactions contemplated under the Cooperation Agreement and the Agreement having completed; and
- (ii) the Total Receivables owed by Energy Technology and Jinyan Electricity to GRG Huscoke having been set off.

None of the conditions above can be waived by the New Subsidiary or GRG Huscoke. As at the date of this announcement, none of the conditions above has been fulfilled.

### **Conditions Precedent**

The Disposal is conditional upon the satisfaction of the following:

- (i) the passing of necessary resolution(s) by the Shareholders at the SGM approving the Disposal Agreement and the transactions contemplated thereunder;
- (ii) the Company having complied with the requirements under the Listing Rules in respect of the transactions contemplated under the Disposal Agreement;
- (iii) the transactions contemplated under the Cooperation Agreement and the Agreement having completed; and
- (iv) GRG Huscoke having completed the Waive.

None of the conditions above can be waived by the Purchaser or the Vendor. As at the date of this announcement, none of the conditions above has been fulfilled. If the conditions are not fulfilled on or before the Long Stop Date (or such later date as the parties may agree), the Disposal Agreement shall cease and terminate and thereafter neither party to the Disposal Agreement shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

## Completion of the Disposal

The completion of the Disposal is expected to take place within 7 Business Days after the fulfillment (or waiver) of the conditions (or such later date as the parties to the Disposal Agreement may agree) mentioned above.

Upon completion of the Disposal, members of the Disposal Group will cease to be subsidiaries of the Group and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

## INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Disposal Company is wholly-owned by the Vendor and is the legal and beneficial owner of 90% of the entire equity interests of the GRG Huscoke.

GRG Huscoke is a company established in the PRC with limited liability and is principally engaged in coal-related ancillary business, coke production and coke trading business.

As at the date of this announcement, GRG Huscoke is held as to 90% by the Disposal Company indirectly, 9% by Jinyan Electricity and 1% by Jianeng Coal Chemical. Jianeng Coal Chemical was held as to 51.03% by Mr. Zhang Wenjun\* (張文俊), a director of GRG Huscoke and as to 48.97% by Ms. He Xiao Ying\* (賀小英).

The financial information of the Disposal Group, which were respectively prepared in accordance with the management account of the Disposal Group for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 are as follows:

	<b>For the years ended 31 December</b>		<b>For the six months ended 30 June</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	1,176,982	866,602	57,120
Profit/(Loss) before taxation	(474,165)	9,667	80,839
Profit/(Loss) after taxation	(479,164)	-	80,839



The unaudited total assets and total liabilities of the Disposal Group as at 30 June 2022 were approximately HK\$1,889 million and HK\$2,497 million respectively, which has already taken into account the assets and liabilities relating to the Incident, namely the Total Receivables, the Possible Loan and the Loans. The unaudited net liabilities of the Disposal Group as at 30 June 2022 was approximately HK\$608.11 million.

The unaudited consolidated financial information of the Disposal Group was prepared by aggregating the results, assets and liabilities of the entities comprising the Disposal Group after eliminating transactions and balances between the entities comprising the Disposal Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in (i) trading of coke; (ii) washing of raw coal into refined coal for sale and for further processing and the sale of electricity and heat generated as by-products produced during the washing of raw coal; and (iii) processing of refined coal into coke for sale, and sale of coke by products of coke production.

References are made to the announcements of the Company dated 16 November 2020, 9 December 2020, 28 December 2020, 15 April 2021, 26 April 2021, 10 May 2021 and 17 February 2022 in relation to, among other things, the Incident, the shut-down of the 4.3-meter coke furnace of the GRG Huscoke and the Resumption Guidance imposed by the Stock Exchange to the Company.

The Disposal Group has recorded net liabilities as at 30 June 2022 in the amount of approximately HK\$608.11 million. As at the date of this announcement, the Disposal Group has no other remaining coking furnace in operation after shutting down the 4.3-meter coking furnace of GRG Huscoke in October 2021. Pursuant to the Agreement, the Company has established the New Subsidiary which will hold not less than 90% equity interests (the actual percentage will be subject to the valuation report of the Target Assets which will be included in the circular to be despatched to the Shareholders) in the Target Subsidiary (which holds the Target Assets) upon completion of the Agreement for the operation of the Group.

As GRG Huscoke is the legal borrower of the Possible Loan and the Loans and is involved in the guarantee obligations of the Contingent Liabilities arisen from the Incident, GRG Huscoke has to undertake the recognized liabilities arising from the Incident and the payment obligation of the Contingent Liabilities under the circumstances that the Contingent Liabilities have occurred and are to be recognized.

As an extension of the remedy plan for the Incident and in order to resolve the adverse impact arisen from the Incident from the Group, facilitate the Group's operation and and to further

strive for the interest of the Company and the Shareholders as a whole, the Company has entered into the Disposal Agreement to dispose of the Disposal Group and carve out GRG Huscoke, being one of the entities involved in the Incident. The auditor of the Company has indicated that if the Disposal proceeds, all the audit modifications relating to GRG Huscoke will be addressed going forward.

In light of the above, the Directors are of the view that the Disposal serves further implementation of remedial plan for the Incident and is in the interest of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon completion of the Disposal, the Disposal Company will cease to be subsidiary of the Company and the financial statement will cease to be consolidated in the financial statements of the Group. It is expected that upon completion of the Disposal (without considering the effect of the Waive), the Group will record a loss of approximately HK\$35.08 million on the Disposal, which is due to (i) the consideration of the Disposal of HK\$1; (ii) the net liabilities of the Disposal Group of approximately HK\$608.11 million as at 30 June 2022; and (iii) the Sale Loans in the amount of HK\$643,185,000 as at 30 June 2022. The actual gain/loss in connection with the Disposal will be determined based on the financial position of the Disposal Company as at the completion of the Disposal and will be subject to review and audit by the auditors of the Company.

The net proceeds of HK\$1 will be used for the Group's general working capital.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, as certain applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Disposal Agreement are more than 75%, such transactions constitute a very substantial disposal 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, and the relevant resolution(s) will be required to be voted by way of poll at the SGM. As Mr. Yang is still nominally regarded as a director of a non-wholly owned subsidiary of the Company for being the chairman of the board of GRG Huscoke, he should be regarded as a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DESPATCH OF THE CIRCULAR AND THE SGM**

The SGM will be convened to consider and, if thought fit, among other things, approve the transactions contemplated under the Disposal Agreement. The aforementioned resolutions will be voted on by the Shareholders by way of poll. A circular containing, among other things, (i) further details of the transactions contemplated under the Disposal Agreement; (ii) the financial information of the Group; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal Agreement ; (iv) the letter of advice from SBI China Capital Hong Kong Securities Limited ; (v) the notice of the SGM; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 29 August 2022, so as to allow sufficient time for the Company to prepare all the required information for inclusion in the circular.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Mr. Yang, who holds 324,208 Shares, no Shareholders have a material interest in the transactions contemplated under the Disposal Agreement and no Shareholders would have to abstain from voting at the SGM in respect of the transactions contemplated under the Disposal Agreement. Save for Mr. Wong Siu Hung Patrick, who is a non-executive Director and the director of GRG Huscoke, no other Directors has material interest in the Disposal Agreement and is required to abstain from voting on the resolutions passed by the Board to approve the foregoing matters.

## **GENERAL**

The Independent Board Committee has been established to make recommendation to the Independent Shareholders regarding the Disposal Agreement. SBI China Capital Hong Kong Securities Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Shareholders and potential investors of the Company should note that completion of the Disposal is conditional upon satisfaction of certain conditions precedent as set out in this announcement. The Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.**

## **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.

**Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 28 September 2022. If the Company fails to fulfill all the Resumption Guidance, address all issues arising from time to time causing its trading suspension, and re-comply with the Listing Rules by 28 September 2022, the Stock Exchange is entitled to delist the Company under the Listing Rules.**

**The publication of this announcement and completion of the Disposal do not indicate any decision or conclusion from the Stock Exchange not to delist the Company nor warrant any approval from the Stock Exchange on the Resumption.**

**The publication of this announcement and completion of the Disposal do not indicate any decision or conclusion from the Stock Exchange about the Company’s fulfilment of the Resumption Guidance, including compliance with Rule 13.24 of the Listing Rules.**

**The Company will disclose updates on the satisfaction of Resumption Guidance by way of announcement, as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.**

**DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein,

- “Agreement” the agreement dated 15 March 2022 (as supplemented on 14 April 2022) entered into among GRG Huscoke, Energy Technology, Jinyan Electricity, the Company and ILNG to supplement the Cooperation Agreement and to set out, among other matters, the settlement arrangement in favor of the Group as a result of the Incident
- “Assets Transfer” the transfer of not less than 90% equity interests the Target Subsidiary (the actual percentage will be subject to the valuation report of the Target Assets which will be included in the circular to be despatched to the Shareholders) which holds the Target Assets to the New Subsidiary
- “associate(s)” has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors
- “Business Day(s)” a day(s) on which banks are open for business in the normal business hours in Hong Kong (excluding Saturdays, Sundays and Hong Kong public holidays or any day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 12:00 p.m. and not lowered or cancelled by 12:00 p.m.)

“Chairman”	the chairman of the Company
“Cinda Shanxi”	China Cinda Asset Management Co., Ltd. Shanxi Branch
“Coking Furnace A”	a 7.1-meter coking furnace numbered 5 and to be transferred under the Agreement with expected annual production capacity of 600,000 tons of coke
“Coking Furnace B”	a 7.1-meter coking furnace numbered 6 and to be transferred under the Agreement with expected annual production capacity of 600,000 tons of coke
“Company”	Huscoke Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 704)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contingent Liabilities”	the contingent liabilities undertaken by GRG Huscoke
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement entered into between GRG Huscoke, Energy Technology and Jinyan Electricity on 26 March 2021
“Director(s)”	director(s) of the Company from time to time
“Disposal”	the disposal of the Sale Shares as contemplated under the Disposal Agreement
“Disposal Agreement”	the conditional disposal agreement dated 26 July 2022 and entered into between the Vendor and Mr. Yang in respect of the Disposal
“Disposal Company”	Joy Wisdom International Limited, a wholly-owned subsidiary of the Company established in the British Virgin Islands with limited liability.
“Disposal Group”	the Disposal Company and its subsidiaries
“Energy Technology”	Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司), a company established in the PRC with limited liability and is principally engaged in coke production and coke trading business

“GRG Huscoke”	GRG Huscoke (Shanxi) Limited* (山西金岩和嘉能源有限公司), a company established in the PRC with limited liability and is an indirect 90% owned subsidiary of the Disposal Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hua Xia Bank”	Hua Xia Bank Bank Co., Limited
“ILNG”	Xiaoyi ILNG Natural Gas Production Company Limited* (孝義市愛路恩濟天然氣製造有限公司), a company established in the PRC with limited liability
“Incident”	the incident that involves the speculation by the Company that the relevant management and personnel of GRG Huscoke to misappropriately conduct loans from the banks without authorization and such loans were not booked in the financial statements of the Group since July 2012, (i.e. the Possible Loan and the Loans)
“Independent Board Committee”	an independent board committee which comprises all the independent non-executive Directors, namely Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Disposal Agreement
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Independent Shareholder(s)”	the Shareholder(s) other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; and (ii) any other Shareholders who are involved in, or interested in, or have a material interest in the Disposal Agreement and the transactions contemplated thereunder
“Investigations”	the investigation and the supplemental investigation of the Incident conducted by Da Tong Law Office of Guang Dong, the Group’s independent legal adviser in the PRC
“Jianeng Coal Chemical”	Xiaoyi Jianeng Coal Chemical Technology Development Company Limited* (孝義市嘉能煤化科技開發有限公司), a company established in the PRC with limited liability

“Jinyan Electricity”	Xiaoyi Jinyan Electricity Coke Chemical Company Limited* (孝義市金岩電力煤化工有限公司), a company established in the PRC with limited liability and is a 9% minority shareholder of GRG Huscoke
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the outstanding bank loans of GRG Huscoke
“Long Stop Date”	being 28 January 2023
“Minsheng Bank”	China Minsheng Banking Corp., Ltd. Lüliang Branch
“Mr. Yang”	Mr. Yang Ge (楊戈), the purchaser pursuant to the Disposal Agreement and nominally regarded as the director and legal representative of GRG Huscoke as at the date of this announcement
“Mr. Zhao”	Mr. Zhao Xu Guang, the Chairman and an executive Director
“New Subsidiary”	Shanxi Huscoke International Energy Co., Ltd* (山西和嘉國際能源有限公司), a wholly-owned subsidiary of the Company established in the PRC with limited liability which will be the controlling shareholder of the Target Subsidiary upon completion of the Agreement
“Outstanding Balance”	the outstanding balance payable by the New Subsidiary to GRG Huscoke which has the same amount as the Total Receivable
“Possible Loan”	the loan in the aggregate principal amount of RMB122.50 million borrowed by GRG Huscoke from Lüliang Rural Credit Union* (呂梁市農村信用合作社聯合社) on 15 October 2014 that was not previously recorded on the financial statements of the Group
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Special Administrative Region of Macau and Taiwan
“Remaining Group”	Upon completion of the Disposal, the Group excluding the Disposal Group
“Resumption”	the resumption of trading of the Shares on the Stock Exchange
“Resumption Guidance(s)”	the resumption guidance(s) set out by the Stock Exchange on the Company from time to time
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Loans”	the entire amount of the loans owed by the Disposal Company to the Company
“Sale Shares”	the entire issued share capital of the Disposal Company
“SGM”	the special general meeting of the Company to be convened for the purpose of, among other things, considering and approving, if thought fit, the transactions contemplated under the Disposal Agreement
“Shanxi Zhengbenyuan”	Shanxi Zhengbenyuan Trading Company Ltd* (山西正本源貿易有限公司)
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs in Hong Kong
“Target Assets”	Coking Furnace A and Coking Furnace B
“Target Subsidiary”	a new subsidiary to be established with the Target Assets as capital contribution by Energy Technology to engage in operation of the Target Assets, the control of which will be transferred to the Company
“Total Receivables”	the total receivables owed by Energy Technology and Jinyan Electricity and its related parties to GRG Huscoke
“Vendor”	Rich Key Enterprises Limited, a company established in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company
“VSA Announcement”	the announcement of the Company dated 19 April 2022 in relation to, among other things, the Incident, the Investigation and the Agreement
“Waive”	the waive of the Outstanding Balance to the amount of RMB60,000,000



“Waive Agreement” the waive agreement dated 26 July 2022 and entered into between the New Subsidiary and GRG Huscoke in respect of the Waive

“%” per-cent

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

Hong Kong, 8 August 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 and 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.*

*\* For identification purpose only*