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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) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF CONVERTIBLE BONDS UNDER THE CB SPECIFIC MANDATE;
(II) ISSUE OF THE FA REMUNERATION SHARES UNDER THE REMUNERATION SPECIFIC MANDATE;
AND
(III) CONTINUED SUSPENSION OF TRADING**

Financial Adviser to the Company

VEDA | CAPITAL
智略資本

THE CB SUBSCRIPTION

On 19 September 2022 (after trading hours), the Company entered into the CB Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$154,000,000.

Based on the initial Conversion Price of HK\$0.212 per Conversion Share, which is equivalent to the Subscription Price, a total of 726,415,094 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, representing (i) approximately 253% of the total number of Shares in issue as at the date of this announcement, and (ii) approximately 71.7% of the total number of Shares in issue as enlarged by the allotment and issue of the 726,415,094 Conversion Shares upon full conversion of the Convertible Bonds.

The gross proceeds from the CB Subscription are estimated to be HK\$154 million. The net proceeds from the CB Subscription (after deducting related expenses) are estimated to be approximately HK\$153.5 million and the Company intends to use such net proceeds primarily for the repayment of debts (including part of the Cinda Facility) and any remaining proceeds for the working capital requirement of the Group.

ISSUE OF THE FA REMUNERATION SHARES

The Company will issue 3,301,886 FA Remuneration Shares to settle part of the professional fees in the amount of HK\$700,000 to the Financial Adviser (or its nominees) at an issue price equivalent to the Conversion Price and the Subscription Price, i.e. HK\$0.212 per Share, subject to and upon the approval by the Stock Exchange on the Resumption.

The 3,301,886 FA Remuneration Shares represent (i) approximately 1.15% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 0.32% of the total number of issued Shares as enlarged by the allotment and issue of the 726,415,094 Conversion Shares upon full conversion of the Convertible Bonds and the 3,301,886 FA Remuneration Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shun Wang is a controlling shareholder of the Company interested in an aggregate of 146,841,904 Shares, representing in aggregate approximately 51.15% of the total number of issued Shares. Shun Wang is indirectly wholly-owned by Mr. Zhao, the Chairman, chief executive officer and an executive Director, who is also the beneficial owner of the entire issued share capital of the Subscriber. Therefore, the Subscriber is a connected person of the Company. Accordingly, the CB Subscription 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. The Subscriber and its associates (including Shun Wang) are required to abstain from voting on the resolutions in respect of the CB Subscription at the SGM.

The issue of the FA Remuneration Shares is subject to the Shareholders' approval at the SGM. As at the date of this announcement, the Financial Adviser and their respective associates are not interested in any Shares and no Shareholder has a material interest in the transactions contemplated under the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate). Accordingly, no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the issue of the FA Remuneration Shares at the SGM.

GENERAL

The SGM will be convened to consider and, if thought fit, among other things, approve the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate), the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate). The resolutions will be voted on by the Independent Shareholders (in respect of the CB Subscription) and the Shareholders (in respect of the issue of the FA Remuneration Shares) by way of poll. A circular containing, among other things, (i) further details of the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate) and the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate); (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the CB Subscription Agreement; (iii) the letter of advice from the Independent Financial Adviser; (iv) other information as required under the Listing Rules; and (v) the notice of the SGM, is expected to be combined with the circular in relation to the Open Offer and despatched to the Shareholders on or before 27 September 2022.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Shun Wang, no other Shareholders have a material interest in the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate), and save for Shun Wang and its associates (which shall abstain from voting at the SGM in respect of the CB Subscription), no Shareholders would have to abstain from voting on the resolutions in respect of the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate) at the SGM. Save for Mr. Zhao, who is the ultimate beneficial owner of the Subscriber, no other Directors have material interest in the CB Subscription (including the grant of the CB Specific Mandate) and are required to abstain from voting on the resolutions passed by the Board to approve the foregoing matters.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate). Accordingly, no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the issue of the FA Remuneration Shares at the SGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to make recommendation to the Independent Shareholders regarding the CB Subscription Agreement and the transactions contemplated thereunder, including the grant of the CB Specific Mandate and the issue of the Convertible Bonds. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the CB Subscription Agreement including the terms of the Convertible Bonds, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The publication of this announcement is only for information purposes and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

Shareholders and potential investors should note that completion of the CB Subscription is conditional upon satisfaction of certain condition precedent as set out in this announcement, including, among others, the Stock Exchange granting the listing of, and permission to deal in the Conversion Shares. The CB Subscription 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 CB Subscription 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 or 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.

THE CB SUBSCRIPTION

On 19 September 2022 (after trading hours), the Company entered into the CB Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$154,000,000. Details of the CB Subscription Agreement as set out below:

Date

19 September 2022 (after trading hours)

Parties

- (i) the Company; and
- (ii) the Subscriber.

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as at the date of this announcement, the Subscriber is directly wholly-owned by Mr. Zhao and a connected person of the Company.

Subject matter

Pursuant to the CB Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$154,000,000.

Conditions precedent

Completion is conditional upon the satisfaction of the following conditions precedent:

- (i) the approval of the CB Subscription and the transactions and other arrangements (as necessary) contemplated thereunder, including the grant of the CB Specific Mandate for the allotment and issue of the Conversion Shares, by the Independent Shareholders at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not being subsequently revoked prior to the completion of the CB Subscription);
- (iii) the Increase in the Authorised Share Capital of the Company having become effective;

- (iv) the transactions contemplated under the Cooperation Agreement and the Agreement having completed;
- (v) all necessary approvals and permissions required to be obtained by the Company in connection with the transactions contemplated under the CB Subscription Agreement having been obtained and not revoked before completion of the CB Subscription; and
- (vi) all necessary approvals and permissions required to be obtained by the Subscriber in connection with the transactions contemplated under the CB Subscription Agreement having been obtained and not revoked before completion of the CB Subscription.

If any of the conditions precedent above have not been fulfilled on or before 4:00 p.m. on 28 January 2023 (or such later date as may be agreed between the Subscriber and the Company in writing), the CB Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither the Company nor the Subscriber shall have any claim against or liability or obligation to each other under the CB Subscription Agreement save for any rights or obligations which may accrue prior to the date of such termination.

Completion

Completion shall take place at 4:00 p.m. on the third Business Day at the principal business address of the Company in Hong Kong after all the conditions precedent have been satisfied (or such other date and at such place as may be agreed in writing between the Subscriber and the Company). The Subscriber shall pay the subscription amount to the Company in cash at completion.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

- Issuer** : The Company
- Aggregate Principal Amount** : HK\$154,000,000
- Issue Price** : 100% of the principal amount
- Interest** : The Convertible Bonds shall bear interest at the rate of 8% per annum from the date of issue (inclusive of such date) until the Maturity Date or the date on which the Convertible Bonds are converted into Shares, payable every six (6) months after the date of issue of the Convertible Bonds, provided that no interest shall be payable on any Convertible Bonds which have been converted into Conversion Shares for the interest period during which the conversion took place.
- Maturity Date** : The date falling on the second anniversary of the date of issue of the Convertible Bonds; and if that is not a Business Day, the Business Day immediately after such date.

Conversion Right

: The Bondholder shall have the right to convert all or any part of the Convertible Bonds in the lots of HK\$1,000,000 of the principal amount at any time from the date of issue of the Convertible Bonds up to the Maturity Date.

If the issue of Conversion Shares following the exercise by a Bondholder relating to any of the Convertible Bonds held by such Bondholder would result in (i) the Company not meeting the requirement under the Listing Rules that not less than 25% (or such other percentage as may from time to time be specified in the Listing Rules) of the Shares shall be held by the public immediately after the conversion; or (ii) such Bondholder and parties acting in concert with it (within the meaning of the Takeovers Code), taken together, directly or indirectly controlling or being interested in 30% or more of the entire issued voting share capital of the Company (or such other percentage as may from time to time be specified in the Takeovers Code as being the level of triggering a mandatory general offer) as at the date of conversion and a mandatory general offer obligation will be triggered under the Takeovers Code, the Bondholder shall not be allowed to convert the Convertible Bonds.

Conversion Price

: HK\$0.212, per Conversion Share, subject to adjustments

The Conversion Price of HK\$0.212 per Conversion Share is equivalent to the Subscription Price and was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the Subscription Price and represents:

- (i) a discount of approximately 30.5% to the closing price of HK\$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 31.4% to the average closing price of HK\$0.309 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

**Adjustment to the
Conversion Price**

: The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events, such as (i) consolidation or sub-division of Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issues or grant of options or warrants to Shareholders to subscribe for Shares at a price which is less than 90% of the then market price of the Shares; (v) issue of convertible or exchangeable securities with the total effective consideration per Share at less than 90% of the then market price of the Shares or any rights of conversion, exchange or subscription attached to such securities are modified so that the said total effective consideration per Share is less than 90% of the then market price of the Shares; or (vi) issue of any Shares wholly for cash at a price per Share which is less than 90% of the then market price; and (vii) issue of new Shares for the acquisition of asset at a total effective consideration per Share less than 90% of the then market price of the Shares, in accordance with the provisions of the Convertible Bonds.

Conversion Shares

: Based on the initial Conversion Price of HK\$0.212 per Conversion Share, a total of 726,415,094 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, representing (i) approximately 253% of the total number of Shares in issue as at the date of this announcement, and (ii) approximately 71.7% of the total number of Shares in issue as enlarged by the allotment and issue of the 726,415,094 Conversion Shares upon full conversion of the Convertible Bonds.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of conversion.

Redemption on Maturity

: Unless previously converted, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding.

- Event of default** : If any of the event of default specified under the instrument of the Convertible Bonds occurs, subject to the passing of a special resolution in the Bondholders' meeting or the approval by way of written resolution from Bondholders representing not less than 75% of the total principal amount outstanding on the Convertible Bonds, Bondholders shall be entitled to issue a written notification to the Company that the principal amount of outstanding Convertible Bonds shall become due and payable after the issue of the written notification.
- Application for listing** : No application will be made for a listing of the Convertible Bonds. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Transferability** : The Convertible Bonds shall be transferrable to any other person provided that the Convertible Bonds are not to be transferred to a connected person of the Company unless written approval from the Company is obtained and such transfer shall comply with the requirements under the Listing Rules and/or any other requirements imposed by the Stock Exchange (if any).

The Conversion Shares will be issued pursuant to the CB Specific Mandate proposed to be sought from the Independent Shareholders at the SGM.

The gross proceeds from the CB Subscription are estimated to be HK\$154 million. The net proceeds from the CB Subscription (after deducting related expenses) are estimated to be approximately HK\$153.5 million and the Company intends to use such net proceeds primarily for the repayment of debts (including part of the Cinda Facility) and any remaining proceeds for the working capital requirement of the Group.

Fund raising activities in the past twelve months

Save for the Open Offer, the details of which are set out in the announcement of the Company dated 19 August 2022 and the net proceeds of which are expected to be applied for the repayment of the Cinda Facility, the Company has not conducted any equity fund raising activity in the past twelve months before the date of this announcement.

REASONS FOR THE CB SUBSCRIPTION AND USE OF PROCEEDS

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.

On 27 June 2019, the Company has entered into a facility agreement of HK\$200,000,000 with Cinda (as amended and restated on 8 July 2019), pursuant to which Cinda would make available the facility of HK\$200 million to the Company with the maturity date on 8 July 2022 and interest rate of 10% per annum. The Company has made the facility drawdown in full amount in July 2019 and the facility has not yet been settled as at the date of this announcement. On 16 August 2022, the Company received the Repayment Demand Letter alleging a breach of the facility agreement on the part of the Company for failure to duly repay the principal amount of the Cinda Facility and interests accrued thereon, and demanding the immediate repayment of the outstanding principal and accrued interest in respect of the Cinda Facility by 23 August 2022. The Company has thoroughly communicated with Cinda regarding the arrangement and the payment schedule of repaying the Cinda Facility with proceeds from the Open Offer and the CB Subscription and Cinda has expressed its affirmation and continues to support the Company's Resumption work. The Company is in discussion with Cinda to seek proper solution of Cinda Facility under the consensus of completing the Resumption as soon as possible.

As at the date of this announcement, the cash and bank balance of the Company in Hong Kong is insufficient to repay the Cinda Facility owed by the Group to Cinda and meet the general working capital requirement of the Group, including staff costs, rental costs, professional fees and other overhead expenses. As such, the net proceeds of the CB Subscription are intended to be applied primarily for the repayment of debt owed by the Group to Cinda and the remaining amount of net proceeds (if any) for the general working capital of the Group.

The gross proceeds from the CB Subscription will be HK\$154 million and the net proceeds from the CB Subscription (after deduction of estimated professional fees and other related expenses of approximately HK\$0.5 million) are estimated to be approximately HK\$153.5 million (assuming no other change in the number of Shares in issue on or before the Record Date), which are intended to be applied for the settlement of part of the Cinda Facility, which is the most significant and pressing funding need of the Group as at the date of this announcement, and the remaining amount (if any) for the general working capital of the Group. The net price per Conversion Share, which is calculated by dividing the aggregate net proceeds by the total number of the Conversion Shares based on the initial Conversion Price, is approximately HK\$0.211.

The Company has considered other fund-raising alternatives, including but not limited to debt financing, placing of new Shares and rights issue. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company.

Although rights issue, as compared to an open offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, rights issue would involve extra administrative work and cost for the preparation, printing, posting and processing of trading arrangements in relation to the nil-paid rights. The Company will also incur additional resources to administer the trading of the nil-paid rights including communication between the Company and other parties such as the registrar or financial printer. In addition, since trading in the Shares has been suspended since 29 March 2021, there would be high uncertainty of the existence of an active market to trade the nil-paid rights. In view of the above, the Board considers raising funds by way of the issue of the Convertible Bonds, together with the Open Offer is more cost-effective and efficient as compared to a rights issue.

As the gross proceeds of the Open Offer alone are insufficient to meet the financial needs of the Group, including the settlement of the Cinda Facility, the CB Subscription serves to make up for the shortfall in the proposed net proceeds of the Open Offer. As the interest rate of the Convertible Bonds is in line with or better than prevailing market rates and the Convertible Bonds have a relatively short term of 2 years, and the conversion of which is subject to the public float requirement of the Company being met, the Board is of the view that the issue of the Convertible Bonds would enable the Company to raise funds to meet its financial needs while maintaining a sufficient positive cash position for the Group's operation and provide the Company with the financial flexibility necessary for the Group's continued business operation and development.

Having taken into account the terms and conditions of the CB Subscription and the above factors, the Directors (excluding (i) the members of the Independent Board Committee in respect of the CB Subscription whose opinions in respect of the CB Subscription will be set forth in the circular after taking into consideration the advice from the Independent Financial Adviser; and (ii) Mr. Zhao who has abstained from voting on the CB Subscription) consider that the terms of the CB Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the CB Subscription is an appropriate method to raise the necessary funding for the Company. In addition, the Company is aware that any fund-raising activities by way of issuing securities of the Company will cause potential dilution impact to the shareholding of the existing Shareholders.

ISSUE OF THE FA REMUNERATION SHARES

The Company will issue 3,301,886 FA Remuneration Shares to settle part of the professional fees in the amount of HK\$700,000 to the Financial Adviser (or its nominees) at an issue price equivalent to the Conversion Price and the Subscription Price, i.e. HK\$0.212 per Share, subject to and upon the approval by the Stock Exchange on the Resumption.

Issue of FA Remuneration Shares

The principal terms of the FA Remuneration Shares are set out as follows:

Amount to be settled by the issue of FA Remuneration Shares:	HK\$700,000
Issue price:	HK\$0.212 per FA Remuneration Share, equivalent to the Conversion Price and the Subscription Price
Number of FA Remuneration Shares:	3,301,886 FA Remuneration Shares

The 3,301,886 FA Remuneration Shares represent (i) approximately 1.15% of the total number of issued Shares as at the date of this announcement; (ii) approximately 0.32% of the total number of issued Shares as enlarged by the allotment and issue of the 726,415,094 Conversion Shares upon full conversion of the Convertible Bonds and the 3,301,886 FA Remuneration Shares.

For the avoidance of doubt, the FA Remuneration Shares do not have the entitlements to subscribe for the Offer Shares under the Open Offer since the FA Remuneration Shares will be issued after the Record Date.

The issue of the FA Remuneration Shares is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders on the issue of the FA Remuneration Shares at the SGM;
- (ii) the Listing Committee of Stock Exchange granting approval for the listing of, and permission to deal in, the FA Remuneration Shares (and such listing and permission not being subsequently revoked prior to the completion of the issue of the FA Remuneration Shares);
- (iii) the approval by the Stock Exchange for the Resumption; and
- (iv) the Increase in the Authorised Share Capital becoming effective.

Should the issue of the FA Remuneration Shares not be approved by the Shareholders at the SGM, the Company should pay in lieu of cash in the aggregate amount of HK\$700,000 to the Financial Adviser on the date of the Resumption.

Use of proceeds

The issue of the FA Remuneration Shares will be for partial settlement of the professional fees of the Financial Adviser, so no proceeds will be generated therefrom.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the CB Subscription and the issue of the FA Remuneration Shares; (iii) immediately after completion of the Open Offer and the CB Subscription (assuming (a) all Shareholders have taken up their respective entitlement of Offer Shares under the Open Offer; and (b) the Convertible Bonds are converted in full) and the issue of the FA Remuneration Shares; and (iv) immediately after completion of the Open Offer and the CB Subscription (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlements of Offer Shares under the Open Offer except for Shun Wang pursuant to the Irrevocable Undertaking; and (b) the Convertible Bonds are converted in full) and the issue of the FA Remuneration Shares, are illustrated in the below table:

	As at the date of this announcement		Immediately after completion of the CB Subscription (assuming the Convertible Bonds are converted in full) and the issue of the FA Remuneration Shares		Immediately after completion of the Open Offer and the CB Subscription (assuming (a) all Shareholders have taken up their respective entitlement of Offer Shares under the Open Offer; and (b) the Convertible Bonds are converted in full) and the issue of the FA Remuneration Shares		Immediately after completion of the Open Offer and the CB Subscription (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlement of Offer Shares under the Open Offer except for Shun Wang pursuant to the Irrevocable Undertaking; and (b) the Convertible Bonds are converted in full) and the issue of the FA Remuneration Shares	
	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue
Substantial shareholders								
Shun Wang (Notes 1 & 2)	146,841,904	51.15	146,841,904	14.44	440,525,712	27.69	440,525,712	33.62
The Subscriber (Notes 1 & 3)	–	–	726,415,094	71.44	726,415,094	45.66	726,415,094	55.43
Director								
To Wing Tim Paddy	24,333	0.01	24,333	0.01	72,999	0.01	24,333	0.01
Public shareholders								
The Financial Adviser	–	–	3,301,886	0.32	3,301,886	0.21	3,301,886	0.25
Other public Shareholders	140,205,112	48.84	140,205,112	13.79	420,615,336	26.43	140,205,112	10.70
Total public float		48.84		14.11		26.64		10.94
	<u>287,071,349</u>	<u>100.00</u>	<u>1,016,788,329</u>	<u>100.00</u>	<u>1,590,931,027</u>	<u>100.00</u>	<u>1,310,472,137</u>	<u>100.00</u>

Notes:

- Shun Wang and the Subscriber are companies incorporated in the British Virgin Islands indirectly and directly wholly-owned by Mr. Zhao respectively.
- Pursuant to the Irrevocable Undertaking, Shun Wang has undertaken to take up its entitlement of a maximum of 293,683,808 Offer Shares under the Open Offer, subject to the compliance of Rule 8.08(1)(a) of the Listing Rules by the Company. If no Qualifying Shareholders take up any of his/her/its entitlement under the Open Offer except for Shun Wang pursuant to the Irrevocable Undertaking, the maximum number of Offer Shares which Shun Wang can take up is 283,654,756 Offer Shares.
- The figures are provided for illustrative purposes only. The terms of the Convertible Bonds will not permit conversion if immediately after such conversion, the public float of the Shares will fall below the minimum requirements of the Listing Rules from time to time.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shun Wang is a controlling shareholder of the Company interested in an aggregate of 146,841,904 Shares, representing in aggregate approximately 51.15% of the total number of issued Shares. Shun Wang is indirectly wholly-owned by Mr. Zhao, the Chairman, chief executive officer and an executive Director of the Company, who is also the beneficial owner of the entire issued share capital of the Subscriber. Therefore, the Subscriber is a connected person of the Company. Accordingly, the CB Subscription 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. The Subscriber and its associates (including Shun Wang) are required to abstain from voting on the resolutions in respect of the CB Subscription at the SGM.

The issue of the FA Remuneration Shares is subject to the Shareholders' approval at the SGM. As at the date of this announcement, the Financial Adviser and their respective associates are not interested in any Shares and no Shareholder has a material interest in the transactions contemplated under the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate). Accordingly, no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the issue of the FA Remuneration Shares at the SGM.

SGM

The SGM will be convened to consider and, if thought fit, among other things, approve the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate), the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate). The resolutions will be voted on by the Independent Shareholders (in respect of the CB Subscription) and the Shareholders (in respect of the issue of the FA Remuneration Shares) by way of poll. A circular containing, among other things, (i) further details of the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate) and the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate); (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the CB Subscription Agreement; (iii) the letter of advice from the Independent Financial Adviser; (iv) other information as required under the Listing Rules; and (v) the notice of the SGM, is expected to be combined with the circular in relation to the Open Offer and despatched to the Shareholders on or before 27 September 2022.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Shun Wang, no other Shareholders have a material interest in the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate), and save for Shun Wang and its associates (which shall abstain from voting at the SGM in respect of the CB Subscription), no Shareholders would have to abstain from voting on the resolutions in respect of the transactions contemplated under the CB Subscription (including the grant of the CB Specific Mandate) at the SGM. Save for Mr. Zhao, who is the ultimate beneficial owner of the Subscriber, no other Directors have material interest in the CB Subscription (including the grant of the CB Specific Mandate) and are required to abstain from voting on the resolutions passed by the Board to approve the foregoing matters.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate). Accordingly, no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the issue of the FA Remuneration Shares at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, has been established to make recommendation to the Independent Shareholders regarding the CB Subscription Agreement and the transactions contemplated thereunder, including the grant of the CB Specific Mandate and the issue of the Convertible Bonds. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the CB Subscription Agreement including the terms of the Convertible Bonds, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that completion of the CB Subscription is conditional upon satisfaction of certain condition precedent as set out in this announcement, including, among others, the Stock Exchange granting the listing of, and permission to deal in the Conversion Shares. The CB Subscription 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 CB Subscription 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 or 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 Xiaoyi ILNG Natural Gas Production Company Limited * (孝義市愛路恩濟天然氣製造有限公司) 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
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“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.)
“CB Specific Mandate”	the specific mandate to be granted to the Directors by the requisite majority of the Independent Shareholders at the SGM for the allotment and issuance of the Conversion Shares

“CB Subscription”	the subscription by the Subscriber of the Convertible Bonds pursuant of the terms of the CB Subscription Agreement
“CB Subscription Agreement”	the subscription agreement dated 19 September 2022 and entered into between the Company and the Subscriber in respect of the CB Subscription
“Chairman”	the chairman of the Company
“Cinda”	China Cinda (HK) Asset Management Co., Limited
“Cinda Facility”	the loan facility in the principal amount of HK\$200 million made available by Cinda to the Company with the maturity date of 8 July 2022 and interest rate of 10% per annum
“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the conversion price of the Convertible Bonds, being HK\$0.212 per Conversion Share initially (subject to adjustments pursuant to the terms of the instrument of the Convertible Bonds)
“Conversion Shares”	new Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 8% unsecured convertible bonds due 2024 in principal amount of HK\$154,000,000 to be issued by the Company to the Subscriber pursuant to the CB Subscription Agreement
“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

“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
“FA Remuneration Shares”	3,301,886 new Shares proposed to be allotted and issued by the Company to the Financial Adviser (or its nominees) at HK\$0.212 per Share
“Financial Adviser”	Veda Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the financial adviser to the Company in respect of the Resumption
“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 a direct 90% owned subsidiary of the 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
“Incident”	the incident that involves the speculation by the Company that the relevant management and personnel of GRG Huscoke to inappropriately conduct loans from the banks without authorization and to exclude such loans from the financial statements of the Group since July 2012, (i.e. the Possible Loan and the Loans)
“Increase in the Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$400,000,000 divided into 4,000,000,000 Shares
“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 CB Subscription Agreement

“Independent Financial Adviser”	SBI China Capital Hong Kong Securities Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription
“Independent Shareholder(s)”	the Shareholder(s) other than: (i) Shun Wang, the Subscriber, Mr. Zhao and its/his respective associate(s); and (ii) any other Shareholders who are involved in, or interested in, or have a material interest in the CB Subscription and the transactions contemplated thereunder
“Irrevocable Undertaking”	the irrevocable undertaking given by Shun Wang in favour of the Company
“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
“Last Trading Day”	26 March 2021, being the last trading day of the Shares prior to the suspension of trading of the Shares from 9:00 a.m. on 29 March 2021
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the outstanding bank loans of GRG Huscoke
“Maturity Date”	the date falling on the second anniversary of the date of issue of the Convertible Bonds
“Mr. Zhao”	Mr. Zhao Xu Guang, the Chairman, chief executive officer and an executive Director, who is also the beneficial owner of the entire issued share capital of Shun Wang and the Subscriber
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them

“Offer Share(s)”	up to 574,142,698 new Share(s), proposed to be offered for subscription under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of open offer at the Subscription Price of HK\$0.212 to be made by the Company on the basis of two (2) Offer Shares for every one (1) existing Share held on the Record Date
“Overseas Shareholder(s)”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“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
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 7 November 2022 or such date as the Company may determine, being the date by reference to which entitlements to the Open Offer are to be determined
“Remuneration Specific Mandate”	the specific mandate to be granted to the Directors by the requisite majority of the Shareholders at the SGM for the allotment and issuance of the FA Remuneration Shares
“Repayment Demand Letter”	the repayment demand letter dated 16 August 2022 from the legal advisers of Cinda to the Company demanding for the immediate repayment of the principal and interest in respect of the outstanding Cinda Facility by 23 August 2022
“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

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“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 CB Subscription (including the grant of the CB Specific Mandate), the issue of the FA Remuneration Shares (including the grant of the Remuneration Specific Mandate) and the Open Offer
“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)
“Shun Wang”	Shun Wang Investments Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company interested in 146,841,904 Shares as at the date of this announcement, which is indirectly wholly-owned by Mr. Zhao
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Wahen Investments Limited, a company incorporated in the British Virgin Islands and directly wholly-owned by Mr. Zhao, being the subscriber of the Convertible Bonds
“Subscription Price”	the subscription price of HK\$0.212 per Offer Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs in Hong Kong
“%”	per-cent

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

Hong Kong, 19 September 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*