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HUSCOKE HOLDINGS LIMITED

和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

COMPLETION OF VERY SUBSTANTIAL TRANSACTION IN RELATION TO ENTERING INTO OF THE AGREEMENT

Financial Adviser to the Company

VEDA | CAPITAL
智略資本

BACKGROUND

References are made to (i) the announcement of Huscoke Holdings Limited (the “**Company**”) dated 19 April 2022, in relation to, the Company, GRG Huscoke, Energy Technology, Jinyan Electricity and ILNG have entered into the Agreement, pursuant to which, among other matters, to supplement the terms of the Cooperation Agreement with the inclusion of remedy and compensation actions as a result of the Incident; (ii) the announcements of the Company dated 28 June 2022, 15 August 2022, 29 August 2022, 9 September 2022 and 23 September 2022, in relation to the delay in despatch of circular (together the “**VST and VSD Announcements**”); (iii) the circular dated 28 September 2022 (the “**Circular**”); and (iv) the announcement of the Company dated 18 October 2022 in relation to the results of special general meeting of the Company to approve the Very Substantial Transaction, the Very Substantial Disposal and Connected transaction. Capitalised terms used in this announcement shall have the same meanings as defined in the VST and VSD Announcements and the Circular unless the context requires otherwise.

COMPLETION OF VERY SUBSTANTIAL TRANSACTION

On 12 January 2023, 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) (“**New Subsidiary**”) and Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司) (“**Energy Technology**”), has entered into a shareholder agreement (the “**Shareholder Agreement**”) to set out the obligations of the shareholders of the Shanxi Jinyan Energy Jiarun Co., Ltd* (山西金岩能源嘉潤有限責任公司) (“**Target Subsidiary**”), including but not limited to, that (i) all the directors of the Target Subsidiary shall be solely appointed by the New Subsidiary; (ii) Energy Technology is obligated to grant the Target Subsidiary all the necessary license and permit for the operation of the Target Subsidiary, including but not limited to the operating license, the administrative permit and the right of use of the land, etc. ; and (iii) Energy Technology is obligated to grant the Target Subsidiary the right of use of the public auxiliary facilities within the useful life of the equipment. On 7 March 2023, Energy Technology has issued a confirmation letter to confirm that it will comply with terms of the Shareholder Agreement and has forfeited the rights to nominate any board member or senior management of the Target Subsidiary.

On 18 January 2023, Energy Technology completed the equity transfer of 90% equity interest in the Target Subsidiary to the New Subsidiary of the Company.

The Board has confirmed the completion of the Cooperation Agreement and the Agreement by (i) appointed an independent certified public accountant in PRC to verify the accounts of the Target Subsidiary; and (ii) appointed an independent lawyer in PRC to issue an independent legal opinion.

Special Audit

The Group has appointed (i) Zhonghui Certified Public Accountants LLP Chengdu Branch (“**Zhonghui China**”) to conduct a special audit (the “**PRC Special Audit**”) under the PRC Accounting Standards for the Target Subsidiary; and (ii) Zhonghui Anda to conduct a special audit (the “**HK Special Audit**”) in accordance with Hong Kong Accounting Standards with reference to the report under the PRC Special Audit. As set out in the report of the HK Special Audit, the Target Assets has been included in the consolidated statement of financial position as non-current assets of Huscoke Management Limited (“**Huscoke Management**”), in which the New Subsidiary is directly wholly-owned by it and it is indirectly wholly-owned by the Company.

Independent Legal Opinion

The Group has engaged Da Tong to issue an independent legal opinion in PRC (the “**Completion Legal Opinion**”) in respect of the validity of the Transaction Completion. Da Tong has completed the relevant tasks for issuing the Completion Legal Opinion, including but not limited to, reviewing related documents, searching information from public sources and arranging site visit to communicate with relevant local departments. Based on the existing laws and regulations in PRC and certain basic assumptions, Da Tong issued the Completion Legal Opinion on 15 March 2023 which was accepted by the Board of the Company on 21 March 2023. The Completion Legal Opinion summarizes that:

- (i) 90% equity interest of the Target Subsidiary has been transferred to the Group and the Assets Transfer has been completed in all material respects;
- (ii) the Group has the Target Assets’ legal and beneficial ownership, its operation and usage right;
- (iii) the Group owns the Target Assets free from any pledge, mortgage, security interest, lien, encumbrances or other third party rights;
- (iv) the Shareholder Agreement are true, legal and valid in all material aspect and the New Subsidiary and Energy Technology, being the shareholder of the Target Subsidiary, are liable to perform their obligation under the Shareholder Agreement;
- (v) All directors in the Target Subsidiary were solely appointed by the Company through the New Subsidiary.

Based on the audited financial statement of Huscoke Management and Completion Legal Opinion, the Board pleased to announced that all conditions under the Agreement have been fulfilled, therefore the Transaction Completion took place on 18 January 2023. Upon the Transaction Completion, the Target Subsidiary has become an indirect non-wholly owned subsidiary of the Company and the results of the Target Subsidiary have been consolidated into the financial statements of the Group.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 29 March 2021, and will remain suspended until further notice. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 March 2023

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.