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HUSCOKE HOLDINGS LIMITED

和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

INSIDE INFORMATION

(1) UPDATE ON THE INVESTIGATION ON GRG HUSCOKE; (2) FORMATION OF AN INDEPENDENT INVESTIGATION COMMITTEE; AND (3) CONTINUED SUSPENSION OF TRADING

This announcement is made by Huscoke Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 26 April 2021 in relation to, among other things, the Possible Loan (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

UPDATE ON THE INVESTIGATION ON GRG HUSCOKE

The purpose of this announcement is to provide an update on the investigation and a summary of the preliminary findings of the investigation on GRG Huscoke.

Pursuant to the preliminary findings of the investigation, the Possible Loan is a bank loan borrowed by GRG Huscoke from Lvliang Rural Credit Union* (呂梁市農村信用合作社聯合社) (the “**Credit Union**”) in 2015 (the “**Possible Loan**”). The Credit Union disposed the Possible Loan as a non-performing asset to China Cinda Asset Management Co., Ltd. Shanxi Branch, and listed for transfer through the Taiyuan public resources auction center on 29 December 2020, the amount of which was transferred to Shanxi Zhengbenyuan Trading Company Ltd* (山西正本源貿易有限公司). The principal and interest of the Possible Loan are RMB122,500,000 and RMB120,426,800 respectively.

In addition to the Possible Loan disclosed above, certain additional loans (together with the Possible Loan, the “**Loans**”) have been discovered according to a report obtained from the credit reference centre of The People’s Bank of China (the “**Report**”) and findings reported by GRG Huscoke, as follows:

- 1) Bank Loan from Hua Xia Bank Co., Limited Yuncheng Branch, which was first made in 2012, with outstanding principal of RMB198,037,000; and
- 2) Bank Loan from China Minsheng Banking Corp., Ltd. Lvliang Branch, which was first made in 2011 and listed on the Haixia Financial Assets Exchange on 25 September 2020, with outstanding principal and related interest of RMB 99,970,000 and RMB 23,846,800 respectively.

In the meantime, certain contingent liabilities have also been discovered according to the Report and the result of preliminary investigation, as follows:

- 1) Guarantees issued to guarantee the loan obligations of Shanxi Dongyi Coal Electric Aluminum Group Company Ltd* (山西東義煤電鋁集團有限公司) of RMB 200,000,000 with a guarantee period from December 2016 to May 2023;
- 2) Guarantees issued to guarantee the loan obligations of Xiaoyi Jinyan Logistics Company Ltd* (孝義市金岩物流有限公司) of RMB14,550,000 with a guarantee period from October 2020 to October 2021;
- 3) Guarantees issued to guarantee the loan obligations of Jinyan Building Materials Company Ltd* (金岩新型建材有限公司) of RMB4,650,000 with a guarantee period from October 2020 to October 2021; and
- 4) Guarantees issued to guarantee the loan obligations of Xiaoyi Jinyan Thermal Electric Company Ltd* (孝義市金岩熱電有限公司) of RMB4,500,000 with a guarantee period from November 2020 to November 2021.

The above preliminary findings of the investigation are based on the contents of the Report and publicly information available, and investigation is ongoing, and it remains possible that there remains other yet undiscovered liabilities. The Company would like to draw the attention of the Shareholders and potential investors that the information currently obtained is preliminary in nature and has not yet been independently verified by an independent professional party.

FORMATION OF AN INDEPENDENT INVESTIGATION COMMITTEE

On 2 June 2021, the Company convened a Board Meeting and resolved to take further steps to investigate into the Loans and the contingent liabilities. The Board has resolved to establish an independent investigation committee, comprising all independent non-executive directors of the Company, namely Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin, (the “**Investigation Committee**”), Mr. To Wing Tim, Paddy was elected as the Chairman of the Investigation Committee to investigate the matters relating to the Loans and contingent liabilities. The Investigation Committee will appoint an independent investigator specialized in accounting and auditing to perform an independent investigation into the circumstances of the Loans and the contingent liabilities, and seek relevant legal opinion in due course.

All the members of the Board confirmed that they were not aware of the above-mentioned Loans and the contingent liabilities. The Company attaches great importance on the Loans and the contingent liabilities and will keep the Shareholders and potential investors informed of any further material developments in the process of the investigation of the Loans and contingent liabilities by way of further announcement(s) as and when appropriate and in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

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

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

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

Hong Kong, 3 June 2021

As at the date of this announcement, the Board comprises Mr. Zhao Xu Guang (Chairman) and Mr. Wang Yijun as executive Directors; Mr. Wong Siu Hung, Patrick, Mr. Huang Man Yem and Mr. Jiang Jiansheng as non-executive Directors; Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin as independent non-executive Directors.

** For identification purposes only*