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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**

#### **CIVIL ACTION AGAINST ENERGY TECHNOLOGY IN RELATION TO THE BREACH OF REFUND AGREEMENT**

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).

#### **BACKGROUND OF THE REFUND AGREEMENT**

On 25 July 2019, Shanxi Jinyan Energy Technology Company Limited (“**Energy Technology**”)\* (山西金岩能源科技有限公司) entered into a trading cooperation agreement with Herong Resources Limited (“**Herong**”), a wholly-owned subsidiary of the Company, pursuant to which, during October 2019 and October 2020, Energy Technology would sell, and Herong would purchase no less than 20,000 tons of coke per month, and no more than 500,000 tons of coke per year (“**Trading Cooperation Agreement**”), purpose of which is to restart the Company’s international trading business on coke, so as to increase the cashflow and profit of the Group. The terms of the Trading Cooperation Agreement stated that an advance payment amounted to USD22,000,000 shall be paid by Herong to Energy Technology in exchange for a coke supply arrangement (“**Advance Payment**”).

Due to the everchanging coke international trade market and the subsequent COVID-19 Pandemic, which adversely affected the supply and demand of coke, international trading in coke could not be conducted as expected. After negotiation, both parties agreed to terminate the Trading Cooperation Agreement. Energy Technology and Herong entered into a refund agreement (“**Refund Agreement**”) and a compensation agreement (“**Compensation Agreement**”) on 24 June 2020 and 12 August 2020 respectively, pursuant to which, Energy

Technology agreed to refund Advance Payment in installments (“**Trading Refund**”) and compensate Herong for the losses caused by the trade that failed to commence (“**Compensation**”). As the Energy Technology could not refund as scheduled due to the serious liquidity issue, Herong and Energy Technology entered into supplemental agreements on 15 November 2021, 8 July 2022 and 1 November 2022 (“**Supplemental Agreements**”) respectively to extend the formulated refund timetable and included relevant penalty interest in Compensation.

According to the Refund Agreement, Compensation Agreement and the Supplemental Agreements, as of the date of this announcement, Energy Technology has already paid an aggregated amount of USD 10,300,000 of the Trading Refund to Herong and still owes an aggregated amount of USD 11,700,000 of the Trading Refund, which should be paid in installments according to the formulated refund timetable.

### **BREACH OF REFUND AGREEMENT AND COMPENSATION AGREEMENT**

According to the formulated timetable, Energy Technology should refund USD5,000,000 before 31 July 2023. However, as at the date of this announcement, Energy Technology still failed to refund a total amount of USD3,500,000 according to the formulated timetable. Hence, it constituted a breach under the Refund Agreement and Compensation Agreement (the “**Breach**”). The Breach has adversely impacted on the Group’s operational cash flow.

The Company has sought legal advice in PRC on the Breach and decided to take all necessary actions to protect the Company's legal rights. The Company has engaged Guangdong Datong Law Firm to initiate a civil lawsuit against Energy Technology on 22 August 2023, in order to fully recover the remaining Trading Refund in an amount of USD11,700,000, its default penalties in an amount of USD157,000 and Compensation in an amount of RMB72,060,328, which sums up to a total amount of the litigation of not less than HKD170 million. The Company will make further announcements as and when appropriate and in accordance with the Listing Rules, and will inform shareholders and potential investors of any significant progress on this lawsuit.

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

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

Hong Kong, 22 August 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.*