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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**

#### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO WINDING UP PETITION**

This announcement is made by Huscoke Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) and Rule 13.25(1)(b) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 (the “**Announcement**”) of the Company dated 2 August 2024 in relation to a winding-up petition filed by China Cinda (HK) Asset Management Co., Limited against the Company. Unless otherwise stated, all the capitalized terms used herein shall have the same meanings as those defined in the Announcement.

#### **The Petition**

The Company would like to supplement that the petition amount of the Petition is related to an outstanding sum of HK\$200,000,000, being the principal amount of a facility (the “**Facility**”) provided by the Petitioner to the Company pursuant to a facility agreement dated 27 June 2019 (as amended and restated on 8 July 2019) and entered into between the Petitioner as lender and the Company as borrower, together with the interest accrued thereon in the alleged sum of HK\$80,858,610.10 (up to 17 June 2024), and daily interest in the alleged sum of HK\$87,007.47 for each day thereafter. As disclosed in the 2022/23 annual report of the Company, the maturity date of the Facility was on 8 July 2022 and interest accrued on the

principal of the Facility at the rate of 10% per annum. As stated in the Announcement, the Petitioner through a wholly-owned subsidiary holds preference shares that are convertible into ordinary shares of Whole Advance Limited, which owns 100% of the equity interests of Shun Wang Investments Limited, being the controlling shareholder of the Company.

As stated in the announcement of the Company dated 22 August 2023, the purpose of the Facility was mainly for the advance payment of restarting the Group's international trading business on coke. However, as a result of the then unforeseen severe adverse impact of the COVID-19 pandemic for over three years, the international trading business of the Group failed to restart and develop as expected. The three-year COVID-19 epidemic has also caused a continued downturn in the domestic economy and the coking industry in the PRC. Therefore, the Company has been unable to recover all its trade advance payments on time. This also resulted in the Company being unable to withdraw its funds to repay the Facility on time.

As disclosed in the announcements of the Company dated 22 August 2023, 13 December 2023 and 2 July 2024, the Intermediate People's Court of Luliang of Shanxi Province\* (山西省呂梁市中級人民法院) made a judicial confirmation of the amount of the trading refund and compensation payable to the Group is US\$11.5 million and approximately RMB78 million respectively, with a total amount of approximately HK\$175 million, with an annual interest rate accruing at 12% on the entire outstanding amount as a capital occupation fee. The Company is currently pursuing the recovery of such sums in the relevant legal proceedings.

### **The Company's position regarding the Petition**

Prior to a few days of the Petition, the Company and the Petitioner reached a preliminary consensus on resolving the Facility, pursuant to which the Petitioner requested that the Facility to be converted from an unsecured loan into a secured loan with collateral, and requested the Company to pledge the above-mentioned trade refund and all shares of the Company's subsidiary holding two coking furnaces assets as collateral to the Petitioner. Upon completion of the mortgage, the Petitioner will extend the repayment period for two years and consider waiving part of the interest at their discretion. Meanwhile, the Company urges the progress of the construction of supporting facilities required for the production of two coking furnaces assets, striving to put the two coking furnaces assets into production as soon as possible to generate operating cash flow in conjunction with the Company's ongoing financial planning to repay the principal and interest of the Facility.

In response to the Petitioner's request, the Company responded that it can principally proceed in this direction. However, it must be carried out after the 2023/24 audited annual results has been published and the trading of the Shares of the Company is resumed. Furthermore, the relevant collateral matters need to comply with the relevant approval procedures in accordance with the requirements of the Listing Rules before implementation.

However, the Petitioner requests the Directors first agree and sign the resolution on the proposal before completing the necessary procedures and preparing relevant legal documents. The Directors consider that the relevant procedures must be completed, and that any document can only be signed when the conditions for signing are met, and the disclosure on the corresponding information needs to be made when signing the proposed resolution.

The Company has suggested to the Petitioner to seek legal advice on how to proceed with the next step. While the above proposal was subject to further negotiation between the two parties, the Company received the Petition from the Petitioner.

The Company will continue to strive for a settlement as soon as possible based on the original consensus reached with the utmost sincerity. Meanwhile, the Company will also actively prepare for the defense against the hearing and strive for the court to dismiss the Petition.

After the presentation of the Petition by the Petitioner on 2 August 2024, the Company discovered that all the bank accounts of the Company and all its subsidiaries maintained with Nanyang Commercial Bank, Limited ("**Nanyang Commercial Bank**"), being the Company's principal bank, have been frozen on 5 August 2024 (the "**Frozen Accounts**"). Based on the verification of publicly available information, China Cinda (HK) Asset Management Co., Limited, the Petitioner of the Petition, and Nanyang Commercial Bank are both controlled by China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 01359).

The Company immediately contacted with Nanyang Commercial Bank after the discovery of the Frozen Accounts, Nanyang Commercial Bank responded to the Company that the Frozen Accounts the action is on the grounds that the Company has been wound up. The Company has clarified that the Company had only received a winding-up petition and was not subject to any winding-up order and/or any other orders issued by the court, and the court hearing has not started yet, further to that, there're no petition against the subsidiaries. Therefore, the Frozen Accounts had been falsely frozen by Nanyang Commercial Bank and should be unfrozen immediately to avoid further disruption to the day-to-day operations and businesses of the Group. However, Nanyang Commercial Bank has refused to unfreeze the Frozen Accounts, which has since further materially affected the daily operations and payment obligations of the Group, also caused significant obstacles to the recovery of the above-mentioned refunds and the gradual repayments of the principal amount of the Facility and the interests accrued thereon.

The Company has initially planned to publish its audited annual results for the year ended 31 March 2024 on 15 August 2024, but as the Frozen Accounts will prevent the Group from paying the professional fees such as audit fees, valuation fees and other relevant fees. If Nanyang Commercial Bank does not unfreeze the Frozen Accounts which they had no grounds to freeze in the first place, it is expected that the Company will not be able to publish its audited annual results for the year ended 31 March 2024 as scheduled. Therefore, the Company has lodged a complaint with the Hong Kong Monetary Authority on 5 August 2024 and will reserve the rights to peruse legal actions.

The Company is currently seeking legal advice to determine the next appropriate steps and possible actions in respect of the Petition. In view of the impact of a possible winding-up order on the transfer of shares, the Company intends to make an application to the Hong Kong High Court for a validation order. Shareholders are reminded that there is no guarantee that the validation order would be granted by the Hong Kong High Court. In the event that a validation order is not granted but the winding up order (if any) is not dismissed or permanently stayed, all transfers of Shares, made after the commencement of the winding-up, shall be void.

However, in view of the status of the Frozen Accounts, the engagement of the legal advisers to assist the Company with the Petition and/or the obtaining of a validation order may be affected and/or delayed until the Group has resumed access to its bank accounts so that to obtain legal counsel and start relevant work.

The Company will make further announcement(s) to keep its shareholders and investors informed of any significant developments in relation to the Petition as appropriate or as required under 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 2 July 2024, 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.**

*\* The English translation of the Chinese names in this announcement marked with “\*” are not official English names and are for identification purpose only.*

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

Hong Kong, 8 August 2024

*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.*