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## **HUSCOKE RESOURCES HOLDINGS LIMITED**

**和嘉資源控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 704)**

### **ISSUE OF CONVERTIBLE BONDS**

On 4 June 2018 (after trading hours), the Company entered into the conditional Subscription Agreement (the “**Subscription Agreement**”) with ADIB Holdings Limited (a wholly owned subsidiary of Asia Development & Investment Bank Limited) as the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds.

The initial Conversion Price represents (i) a premium of approximately 35.7% over the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on 4 June 2018, being the date of the Subscription Agreement; and (ii) a premium of approximately 35.7% over the average of the closing prices of HK\$0.28 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 4 June 2018. The Conversion Price was arrived at after arm’s length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the assumption that the Convertible Bonds would be converted into Conversion Shares in full at the initial Conversion Price, the 210,526,315 Conversion Shares represent approximately 8.11% of the existing issued share capital of the Company and approximately 7.50% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares. The net proceeds of the Subscription of approximately HK\$78,500,000 will be applied towards general working capital of the Group and provide funding for investment opportunities that the Board considers to be in the interests of the Company from time to time.

## **SUBSCRIPTION AGREEMENT**

On 4 June 2018 (after trading hours), the Company entered into the conditional 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.

**Date:** 4 June 2018 (after trading hours)

### **Parties:**

- (i) The Company as issuer
- (ii) The Subscriber as subscriber

### **The Subscriber**

The Subscriber is a company incorporated in Hong Kong with limited liability which is a wholly owned subsidiary of Asia Development & Investment Bank Limited (the “ADIB”) and the Subscriber is principally engaged in financial services and asset management.

ADIB is an offshore investment bank providing financial and consulting service for infrastructure projects and asset management service. The Bank’s main businesses include project financing, energy investment, investment banking, securities, trustee, asset management, offshore financial services etc.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are independent third parties and not connected persons (as defined under the Listing Rules) of the Company.

### **Principal Terms of the Convertible Bonds**

- Issuer : the Company
- Principal amount : principal amount of HK\$80,000,000
- Interest : 3.95% per annum on the outstanding principal amount of the Convertible Bonds, which shall accrue daily on a 365-day basis and will be payable upon the Maturity Date

Term : the third (3<sup>rd</sup>) anniversary of the date of first issue of the Convertible Bonds (which may be extended for one (1) additional year subject to agreement between the Company and the holder of the Convertible Bonds in writing) (the “**Maturity Date**”)

Conversion Price (the “**Conversion Price**”) : the initial Conversion Price of HK\$0.38 per Conversion Share, subject to adjustments in the event set out and in accordance with the terms and conditions of the CB

Adjustment Events: : The Conversion Price shall from time to time be adjusted upon the consolidation or sub-division of Shares

Conversion Period : the period commencing from the 14th day immediately prior to and including the Maturity Date up to 4:00 p.m. (Hong Kong time) on the Maturity Date (the “**Conversion Period**”)

Conversion rights : the holder of the Convertible Bonds will have the right to convert the principal amount of the Convertible Bonds into Conversion Shares at any time during the Conversion Period at its discretion

The number of Conversion Shares to be issued by the Company to the relevant holders of the Convertible Bonds on conversion of the Convertible Bonds will be determined by dividing (i) the principal amount of the Convertible Bonds to be converted by (ii) the Conversion Price in effect at the conversion date.

Conversion restrictions : the holder of the CB may exercise the rights attached to the Convertible Bonds to convert into Conversion Shares only if such conversion will not (i) trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds and parties acting in concert with it and/or (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company at any one time in compliance with the Listing Rules

- Ranking : the Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue
- Transferability : the Convertible Bonds shall be freely transferable by the Subscriber in whole or in part (in multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof)) of the outstanding principal amount of the CB to any party with the prior written notification to the Company provided that any transfer of the Bond to connected persons of the Company shall be subject to compliance with the applicable Listing Rules
- Voting : The holder of the Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Bonds
- Listing : no application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange; and application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares

Based on the initial Conversion Price of HK\$0.38 per Conversion Share, a maximum number of 210,526,315 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 8.11% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.50% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

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

### **Conversion Price**

The initial Conversion Price of HK\$0.38 per Conversion Share represents:

- (i) a premium of approximately 35.7% over the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on 4 June 2018, being the date of the Subscription Agreement; and

- (ii) a premium of approximately 35.7% over the average of the closing prices of HK\$0.28 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 4 June 2018.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.373 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price of HK\$80,000,000 for the Convertible Bonds shall be settled by the Subscriber in cash upon completion.

#### **Mandate to issue the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the General Mandate. Immediately before the date of the Subscription Agreement, the General Mandate has not been utilized. On the initial conversion price of HK\$0.38 per Conversion Shares, 210,526,315 Conversion Shares will be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Bonds, which will utilise about 40.54% of the General Mandate.

#### **Conditions of the Subscription**

The Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in the Conversion Shares.

In the event that the condition of the Subscription is not fulfilled on or before 31 August 2018 or such other date as may be agreed by the Company, the Subscription Agreement shall cease and terminate and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

### **Completion of the Subscription**

Completion of the Subscription will take place within thirty (30) business days after the conditions precedent of the Subscription are fulfilled or waived (or such other date as may be agreed between the parties).

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

### **REASONS FOR THE SUBSCRIPTION AGREEMENT**

The Group is principally engaged in three business segments, namely: (i) trading of coke (the “**Coke Trading Segment**”); (ii) washing of raw coal into refined coal for sale and for further processing, and the sale of electricity and heat which are generated with by-products produced during washing of raw coal (the “**Coal-related Ancillary Segment**”); and (iii) processing of refined coal into coke for sale, and sale of coke by-products that are generated during coke production (the “**Coke Production Segment**”).

The Directors consider raising funds by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the future development of the Group. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm’s length negotiations between the Company and the Subscriber and that the terms and conditions of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## **PROPOSED USE OF PROCEEDS**

The gross and net proceeds of the Subscription will be HK\$80,000,000 and approximately HK\$78,500,000 respectively. The Directors intend to apply the net proceeds of the Subscription towards [the general working capital of the Group and provide funding for investment opportunities that the Board considers to be in the interests of the Company from time to time.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD**

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **GENERAL**

The Conversion Shares will be issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

**Shareholders and potential investors of the Company should note that completion of the Subscription is subject to the fulfillment of the conditions set out in the Subscription Agreement. The Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

<b>“associates”</b>	has the meaning ascribed to this term under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Bondholder(s)”</b>	holder(s) of the Convertible Bonds

<b>“Company”</b>	Huscoke Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed to this term under the Listing Rules
<b>“Conversion Price”</b>	the conversion price per Conversion Share and initially at HK\$0.38 per Conversion Share (subject to adjustments)
<b>“Conversion Shares”</b>	the Shares to be allotted and issued upon conversion of the Convertible Bonds
<b>“Convertible Bonds”</b>	the unlisted convertible bonds in principal amount of HK\$80,000,000 to be issued by the Company in accordance with the terms and conditions of the Subscription Agreement
<b>“Directors”</b>	directors of the Company
<b>“General Mandate”</b>	the general mandate granted to the Directors at the annual general meeting held on 2 June 2017, pursuant to which a maximum of 519,325,051 new Shares may fall to be allotted and issued
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement only not including Hong Kong, the Macau Special Administrative Region and Taiwan



“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	ADIB Holdings Limited, a company incorporated in Hong Kong and the subscriber to the Subscription Agreement
“Subscription”	the subscription for the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 4 June 2018 and entered into between the Company and the Subscriber in respect of the Subscription
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By the order of the Board of  
**Husoke Resources Holdings Limited**  
**Zhao Xu Guang**  
*Chairman and Executive Director*

Hong Kong, 4 June 2018

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Xu Guang and Mr. Li Baoqi, the non-executive Directors of the Company are Mr. Wong Siu Hung, Patrick and Mr. Huang Man Yem, the independent non-executive Directors of the Company are Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.*