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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)

PROPOSED ALTERATION OF CERTAIN TERMS OF CB

On 22 December 2017, the Company and Kailuan as the holder of the CB entered into the conditional Amendment Letter to alter certain terms of the CB.

A circular containing, among other things, details of the proposed Alteration and a notice convening the SGM is expected to be despatched to the Shareholders on or before 15 January 2018.

Since the Alteration is subject to the fulfillment of the conditions as set out in the Amendment Letter, the Alteration may or may not become effective. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the announcements of the Company dated 13 April 2016, 2 November 2016, 30 December 2016 and 15 February 2017 (the “**Announcements**”) respectively in relation to, among others, the issue of CB and the extension of the CB Maturity Date. Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

On 13 April 2016, the Company entered into the CB Subscription Agreement with Kailuan and pursuant to which, the Company (as the issuer) has conditionally agreed to issue and Kailuan (as the subscriber) has conditionally agreed to subscribe for CB in the principal amount of HK\$43,277,093.08 with coupon rate 2.5% per annum on the outstanding principal amount of the CB. The Maturity Date shall be the first anniversary of the date of issue of the CB (which may be extended for one (1) year subject to

agreement between the Company and the holder of the CB in writing). Details of the terms of the CB Subscription Agreement have been disclosed in the announcement of the Company dated 13 April 2016.

As disclosed in the announcement of the Company dated 2 November 2016, the CB Subscription Agreement completed on 2 November 2016 and the CB was issued on the same date accordingly.

As disclosed in the announcement of the Company dated 30 December 2016, both the Company and Kailuan as the holder of the CB agreed to extend the Maturity Date for six (6) months and the CB will become due in 2 May 2018.

After further arm’s length negotiations, on 22 December 2017, the Company and Kailuan as the holder of the CB entered into a conditional amendment letter (the “**Amendment Letter**”) to alter certain terms of the CB. Set out below is a summary of the proposed alteration (the “**Alteration**”) as contemplated under the Amendment Letter:

	Prior to the proposed Alteration	After the proposed Alteration
Maturity Date:	2 May 2018	31 August 2019
Conversion Period:	the period commencing from the seventh Business Day immediately prior to and exclusive of the Maturity Date up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the Maturity Date of the CB	the period commencing from the fulfillment of conditions precedent of the Amendment Letter up to 4:00 p.m. (Hong Kong time) of the Maturity Date
Conversion rights:	the holder of the CB will have the right to (i) at any time during the Conversion Period to convert up to 50% of the principal amount of the CB registered in its name into Conversion Shares (which shall be credited as fully paid up) exercisable at its sole and absolute discretion; and (ii) convert up to the 50% balance of the principal amount of the CB registered in its name into Conversion Shares (which shall be credited as fully paid up) at any time during the Conversion Period subject to the consent of the Company	the holder of the CB will have the right to at any time during the Conversion Period to convert up to 100% of the principal amount of the CB registered in its name into Conversion Shares (which shall be credited as fully paid up) exercisable at its sole and absolute discretion

	Prior to the proposed Alteration	After the proposed Alteration
Lock-up period:	Nil	the holder of CB shall (and shall procure its transferee) without the prior written consent of the Company not to dispose of or sell the Conversion Shares within two years immediately after conversion of the CB

All the other material terms of the CB shall remain unchanged.

Conditions precedent of the Amendment Letter

The Amendment Letter and the proposed Alteration contemplated thereunder shall be subject to the fulfillment of the following conditions precedent:

- (1) all necessary consents and approvals in respect of the proposed Alteration (including but not limited to the necessary approvals to be obtained under the Listing Rules) having been obtained; and
- (2) the passing by the Shareholders at a general meeting of the Company (the “SGM”) to be held and convened to approve the Amendment Letter and the transactions contemplated thereunder.

In the event that the above conditions precedent cannot be fulfilled within one year from the date of the Amendment Letter, the Amendment Letter shall cease and terminate provided that the CB shall remain effective and valid as if the proposed Alteration has not been effective.

Reasons for the Alteration

The Alteration is arrived at after arm’s length negotiations between the Company and Kailuan as the bondholder with reference to, among others, the financial position of the Group and the working capital needs of the Group.

The extension of the Maturity Date will allow the Company to have more financial flexibility. The other proposed changes of the CB terms contemplated under the Alteration will provide incentive for the CB holder(s) to convert the CB and would reduce the gearing ratio of the Company. In light of the relatively low coupon rate of the CB and the anticipation of an increase in interest rate in 2018, the Company considers that it is in the interests of the Company and its Shareholders as a whole to utilise its resources for business development and other business opportunities in order to maximize returns to its Shareholders. As such, the extension of the Maturity Date and the other proposed Alteration will allow the Group to have additional time to develop its business instead of repayment the CB within a relatively short period.

As such, the Directors consider that the terms and conditions of the proposed Alteration (including the extension of Maturity Date) are fair and reasonable and the proposed Alteration will be in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has made an application for the approval for the proposed Alteration.

A circular containing, among other things, details of the proposed Alteration and a notice convening the SGM is expected to be despatched to the Shareholders on or before 15 January 2018.

Since the Alteration is subject to the fulfillment of the conditions as set out in the Amendment Letter, the Alteration may or may not become effective. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Huscoke Resources Holdings Limited
Wong Siu Hung, Patrick
Executive Director

Hong Kong, 22 December 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Xu Guang and Mr. Wong Siu Hung, Patrick, the non-executive Director of the Company is 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.