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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)

- (I) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;**
- (II) APPLICATION FOR WHITEWASH WAIVER;**
- (III) CAPITAL REORGANISATION;**
- (IV) CHANGE IN BOARD LOT SIZE; AND**
- (V) RESUMPTION OF TRADING**

VEDA | CAPITAL
智略資本

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 27 November 2015, the Company and the Subscriber entered into the Subscription Agreement (as supplemented by the Supplemental Agreement dated 15 December 2015), pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber (or such other wholly-owned subsidiary of the Subscriber as designated by the Subscriber) conditionally agreed to subscribe for, an aggregate of 1,400,000,000 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share for a total cash consideration of HK\$210,000,000.

The Subscription Shares represent approximately (i) 154.59% of the adjusted share capital of the Company had the Capital Reorganisation become effective, based on the existing issued share capital of the Company as at the date of this announcement; and (ii) 60.72% of the issued share capital of the Company had the Capital Reorganisation become effective and as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The Subscription Shares shall be allotted and issued pursuant to a specific mandate proposed to be granted to the Directors at the SGM.

Subscription Completion is conditional upon, among others, the fulfilment of the terms and conditions as set forth in the Subscription Agreement.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them do not hold any relevant securities of the Company. Upon Subscription Completion, the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them will hold an aggregate of 1,400,000,000 New Shares, representing approximately 60.72% of the voting rights of the Company had the Capital Reorganisation become effective and as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). As a result, the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them will be obliged to make a mandatory general offer for all the issued New Shares (other than those already owned or agreed to be acquired by the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

The Subscriber will apply to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares and which, if granted, will be subject to the approval by the Independent Shareholders by way of a poll at the SGM.

CAPITAL REORGANISATION

The Board proposes to reorganize the share capital of the Company in the following manner:

- (i) Share Consolidation: every five (5) issued and unissued Shares of par value HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value HK\$0.50 each;
- (ii) Capital Reduction: subject to and forthwith upon the Share Consolidation having become effective, (i) the issued share capital of the Company on each of the issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01; and (ii) the authorised share capital of the Company will also be reduced by reducing the par value of all Consolidated Shares from HK\$0.50 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$2,000,000,000 divided into 4,000,000,000 Consolidated Shares of par value HK\$0.50 each to HK\$40,000,000 divided into 4,000,000,000 New Shares of par value HK\$0.01 each;
- (iii) Capital Increase: forthwith upon the Capital Reduction becoming effective, the authorised share capital of the Company will be increased from HK\$40,000,000 into 4,000,000,000 New Shares of par value HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 New Shares of par value HK\$0.01 each by the creation of 16,000,000,000 New Shares of par value HK\$0.01 each;

- (iv) Credit to contributed surplus account: the credit amount arising from the Issued Share Capital Reduction will be transferred to the contributed surplus account of the Company and the Directors will be authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-Laws and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company).

Immediately after the Capital Reorganisation becoming effective, and on the basis that the Company will not allot and issue any New Shares or repurchase any existing Shares prior thereto and none of the existing Options will be exercised prior thereto, the Company's issued and paid-up share capital shall be approximately HK\$9,056,252.58 comprising approximately 905,625,258 New Shares of par value HK\$0.01 each.

CHANGE IN BOARD LOT SIZE

The Board proposes that subject to and upon the Capital Reorganisation becoming effective, the board lot size of the Company be changed from 2,000 Shares to 10,000 New Shares of HK\$0.01 each.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder and the Whitewash Waiver and as to voting. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made by the Company upon appointment of the independent financial adviser as and when appropriate.

A circular containing, among other things, (i) details of the Subscription, the Whitewash Waiver, the Capital Reorganisation and the Change in Board Lot Size; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders and the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) the Appointment; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) from the date of this announcement pursuant to the Listing Rules or 21 days from the date of this announcement pursuant to the Takeovers Code, whichever is earlier (i.e. no later than 5 January 2016).

The Subscription Completion is subject to the fulfilment of a number of conditions precedent set out under the section headed "Conditions precedent" in this announcement, including the obtaining of the approval by the Shareholders or Independent Shareholders (as the case may be) at the SGM of the Subscription and the transactions contemplated under the Subscription Agreement (as supplemented by the Supplemental Agreement), the granting of the Whitewash Waiver by the Executive and the Capital Reorganisation becoming effective. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RESUMPTION OF TRADING

At the request of the Company, trading in the securities of the Company has been suspended from 9:00 a.m. on 30 November 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 16 December 2015.

THE SUBSCRIPTION AGREEMENT

Date 27 November 2015 (as supplemented by the Supplemental Agreement dated 15 December 2015)

Parties

Issuer the Company
Subscriber Shun Wang Investments Limited

The Subscriber, its ultimate beneficial owner and parties acting in concert with any one of them are third parties independent of the Company and its connected persons and is not a party acting in concert with any of them. As at the date of this announcement, the Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them do not hold any securities of the Company.

The Subscription Shares

Pursuant to the Subscription Agreement (as supplemented by the Supplemental Agreement), the Company conditionally agreed to allot and issue, and the Subscriber (or such other wholly-owned subsidiary of the Subscriber as designated by the Subscriber) conditionally agreed to subscribe for, an aggregate of 1,400,000,000 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share for a total cash consideration of HK\$210,000,000.

The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.01 each) is HK\$14,000,000.

The Subscription Shares represent approximately (i) 154.59% of the adjusted share capital of the Company had the Capital Reorganisation become effective, based on the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 60.72% of the issued share capital of the Company had the Capital Reorganisation become effective and as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The Subscription Shares shall be allotted and issued pursuant to a specific mandate proposed to be granted to the Directors at the SGM.

The Subscription Shares, when allotted and issued, will rank pari passu in all respects with the New Shares in issue.

The Subscription Price

The Subscription Price of HK\$0.15 per Subscription Share (assuming the Capital Reorganisation having become effective) represents:

- (a) a discount of approximately 62.96% to the adjusted closing price of HK\$0.405 per New Share, based on the closing price of HK\$0.081 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (b) a discount of approximately 63.41% to the adjusted average closing price of HK\$0.410 per New Share, based on the average closing price of HK\$0.082 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (c) a discount of approximately 63.86% to the adjusted average closing price of HK\$0.415 per New Share, based on the average closing price of HK\$0.083 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (d) a discount of approximately 11.76% to the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$0.170 per New Share as at 30 June 2015 and adjusted for the effect of the Capital Reorganisation (based on the number of issued Shares as at the date of this announcement); and
- (e) a premium of approximately 7.14% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.140 per New Share as at 31 December 2014 and adjusted for the effect of the Capital Reorganisation (based on the number of issued Shares as at the date of this announcement).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the net asset value of the Company, as well as the business performance and the financial position of the Group.

Conditions precedent

Subscription Completion is conditional upon satisfaction of the following conditions:

- (i) the Subscriber being reasonably satisfied with the results of the due diligence exercise in respect of the Company's assets, debts, operation and affairs of the Company;

- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares;
- (iii) the Company having obtained all the required consents and approvals in respect of the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder;
- (iv) the Subscriber having obtained all the required consents and approvals in respect of the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder;
- (v) the Executive having granted the Whitewash Waiver and such approval not having been revoked or withdrawn as at the date of Subscription Completion, and for any conditions imposed thereon (if applicable) being satisfied in full;
- (vi) the passing of resolutions by the Shareholders or Independent Shareholders (as the case may be) at the SGM approving, among others:
 - (a) the signing, delivery and performance of the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder;
 - (b) the Capital Reorganisation;
 - (c) the granting of the specific mandate to the Directors for the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement (as supplemented by the Supplemental Agreement);
 - (d) the application for the Whitewash Waiver; and
 - (e) the Appointment;
- (vii) the Capital Reorganisation becoming effective.

For the avoidance of doubt, none of the above conditions precedent is waivable. If any of the conditions precedent are not satisfied in accordance with the terms of the Subscription Agreement (as supplemented by the Supplemental Agreement) on or before 4:00 p.m. on 31 March 2016 (or such other date as may be agreed between the parties to the Subscription Agreement in writing), the Subscription Agreement shall terminate and the parties to the Subscription Agreement will be released from all obligation thereunder, save for any liability arising out of any antecedent breaches.

Subscription Completion

The Subscription Completion shall take place at 4:00 p.m. on the date falling on the 3rd Business Day (or such other date as the parties to the Subscription Agreement may agree in writing) after all the conditions precedent under the Subscription Agreement (as supplemented by the Supplemental Agreement) having been satisfied by the relevant parties.

Reasons for the Subscription

The Group is principally engaged in (i) trading of coke; (ii) coal-related ancillary business; and (iii) coke production business.

As stated in the interim report of the Company for the six months ended 30 June 2015, the Group had been facing challenges from the downturn in the coke industry in recent years and the situation is expected to remain for another one or two years. It is expected that the macroeconomic and the coke industry weakness to continue while excess capacity remain to be a serious problem for, among others, the steel and coke industries. Cope with the environmental focus and policies by the Chinese government, the oversaturated coke market will be not easy to enter into a more balanced supply and demand cycle and adversely affect the development of the coke industry in the foreseeable future. The Company has been loss-making (on a full year basis) since 2011 to 2014.

Furthermore, as at the date of this announcement, the Group is in default of repayment of a remaining part of a deposit in the amount of HK\$120.0 million (original amount of HK\$220.0 million) (the “**Deposit**”) (and the accrued compensations and interests and default liquidated damages) (collectively, the “**Kailuan Loan**”) arising from the entering into of an annual coke sale and purchase agreement (the “**Coke Agreement**”) with Kailuan and Mr. Wu Jixian, a former non-executive Director, on 22 May 2013. On 10 September 2014, the Group entered into an agreement with an independent third party to dispose (the “**Disposal**”) of the Group’s land and building situated in Hong Kong (the “**Property**”) to repay the Deposit partially. Completion of the Disposal took place on 29 May 2015. As at the date of this announcement, the Kailuan Loan in respect of the Coke Agreement charged by Kailuan amounted to approximately HK\$161.3 million.

Set out below are certain financial information of the Group for the two financial years ended 31 December 2013 and 2014 (audited) and for the six months ended 30 June 2015 (unaudited):

	For the year ended 31 December		For the six months ended
	2013	2014	30 June
	(HK\$'000)	(HK\$'000)	2015 (HK\$'000)
Revenue	1,038,456	598,618	313,201
Net profit/(loss) before taxation	(89,645)	(1,096,132)	25,356
Net profit/(loss) after taxation	(89,467)	(1,095,942)	25,356
Net asset value	1,270,877	158,014	184,059

As illustrated in the table above, the consolidated net asset value of the Group decreased by approximately 87.6% for the year ended 31 December 2014 as compared to the previous year. As at 30 June 2015, the unaudited consolidated net asset value of the Group was approximately HK\$184.1 million, which represented an increase of approximately 16.5% as a result of the disposal of the Property and the proceeds of which was used for full settlement of the mortgage loan of the Property and partial repayment of the Deposit.

The Directors are of the view that the Subscription represents a valuable opportunity for the Group to bring in a solid investor with the financial capability to invest in the Company.

The Directors consider that the entering into the Subscription Agreement represents a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial position and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunity as and when it arises. The Directors are confident that the Subscriber will bring in additional resources and investment opportunities to the Company which is beneficial to the Company and the Shareholders as a whole.

The Board has considered various fund raising methods apart from the Subscription such as debt financing as well as rights issue or open offer. As regards debt financing, having considered that it would increase the gearing level of the Group and the interest expenses incurred which would impose additional financial burden to the Group's future cash flows, the Board considers that such fund raising method is currently not the most appropriate method to the Group. As regards the viability of a rights issue or an open offer, the Board is of the view that it will be difficult to identify underwriter(s) which is/are interested to underwrite a rights issue or open offer of the Company in light of its current financial position. The Directors consider that even if such an independent underwriter were identified, the rights issue or open offer would incur costly underwriting commission and the process would be relatively time-consuming.

In light of the above, the Board is of the view that equity financing by way of the Subscription is the most appropriate means of raising additional capital as (i) it is more practicable and direct under a volatile market and the prevailing uncertain market conditions; (ii) it is less costly and carries no interest burden; and (iii) it is less time-consuming.

The Directors have considered the dilution effect on the shareholding of the Company before proceeding with the Subscription. Nevertheless, the introduction of the Subscriber (who has the financial capability and is willing to subscribe for the Subscription Shares at a premium over the Company's audited net asset value) will provide confidence to the Shareholders and the investing public in the Company. Further, with the additional funds from the Subscription to finance its business development, expansion and/or innovations, the Company will be put in a better position to grow. The Directors consider that, the potential for future earnings and the chance to increase the value for the Company will, to a certain extent, outweigh the dilution effect that will occur following completion of the Subscription.

The Directors (excluding the members of the Independent Board Committee, who will express their views after considering the advice of the independent financial adviser as to the fairness and reasonableness of the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder and the Whitewash Waiver) are of the view that the terms of the Subscription Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

Use of proceeds

The gross proceeds from the Subscription would amount to HK\$210.0 million. The net proceeds of the Subscription, after deducting professional fees and other related expenses, are estimated to be approximately HK\$208.7 million, representing a net price of approximately HK\$0.1490 per Subscription Share.

The Company intends to use the net proceeds to be raised from the Subscription as below:

- (i) approximately HK\$120.0 million for the repayment of the remaining outstanding principal amount of the Deposit, and the accrued compensations and interests and default liquidated damages in respect of the Deposit under the Coke Agreement in the amount of approximately HK\$41.3 million (up to and as at 30 November 2015) will be settled thereafter under separate arrangement;
- (ii) approximately HK\$30.0 million for the settlement of the loans and accrued expenses for the operations of the Group; and
- (iii) the remaining of approximately HK\$58.7 million for the general working capital of the Group.

As at the date of this announcement, the general working capital of the Group is, inter alia, earmarked for Herong Resources Limited, a non-wholly owned subsidiary of the Company which is principally engaged in the trading of coke, to finance its business of coke trading with Kailuan. Heron Resources Limited is in negotiation with Kailuan with an aim to enter into separate agreements with Kailuan upon Subscription Completion and the respective transactions contemplated thereunder (i.e. trading of coke), which if materialise, are expected to constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules as Kailuan is deemed to be a connected person at the subsidiary level of the Company by virtue of its holding of 49% of Herong Resources Limited, a non-wholly owned subsidiary of the Company. Further details of the transactions, if materialise, will be disclosed in the announcement that will be made by the Company upon the entering into of the said agreements as and when appropriate.

Fund-raising activities in the preceding twelve months

The Company did not raise any funds from any equity fund-raising activities in the preceding twelve months immediately before the date of this announcement.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them do not hold any relevant securities of the Company. Upon Subscription Completion, the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them will hold 1,400,000,000 New Shares, representing approximately 60.72% of the voting rights of the Company had the Capital Reorganisation become effective and as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). As a result, the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them will be obliged to make a mandatory general offer for all the issued New Shares (other than those already owned or agreed to be acquired by the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

The Subscriber will apply to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares and which, if granted, will be subject to the approval by the Independent Shareholders by way of a poll at the SGM.

The Executive may or may not grant the Whitewash Waiver. The Subscription contemplated under the Subscription Agreement (as supplemented by the Supplemental Agreement) will not proceed if the Whitewash Waiver is not granted to the Subscriber.

PROPOSED CAPITAL REORGANISATION

The Board proposes to reorganize the share capital of the Company in the following manner:

- (i) Share Consolidation: every five (5) issued and unissued Shares of par value HK\$0.10 each in the share capital of the Company will be consolidated into one (1) consolidated share of par value HK\$0.50 each (each a “**Consolidated Share**”);
- (ii) Capital Reduction: subject to and forthwith upon the Share Consolidation having become effective, (i) the issued share capital of the Company on each of the issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01 (the “**Issued Share Capital Reduction**”); and (ii) the authorised share capital of the Company will also be reduced by reducing the par value of all Consolidated Shares from HK\$0.50 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$2,000,000,000 divided into 4,000,000,000 Consolidated Shares of par value HK\$0.50 each to HK\$40,000,000 divided into 4,000,000,000 New Shares of par value HK\$0.01 each (together with the Issued Share Capital Reduction, the “**Capital Reduction**”);

- (iii) **Capital Increase:** forthwith upon the Capital Reduction becoming effective, the authorised share capital of the Company will be increased from HK\$40,000,000 into 4,000,000,000 New Shares of par value HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 New Shares of par value HK\$0.01 each by the creation of 16,000,000,000 New Shares of par value HK\$0.01 each (“**Capital Increase**”);
- (iv) **Credit to contributed surplus account:** the credit amount arising from the Issued Share Capital Reduction will be transferred to the contributed surplus account of the Company and the Directors will be authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-Laws and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company).

Effect of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$2,000,000,000 divided into 20,000,000,000 Shares of HK\$0.10 each, of which 4,528,126,292 Shares of HK\$0.10 each had been allotted and issued as fully paid or credited as fully paid.

Immediately after the Capital Reorganisation becoming effective, and on the basis that the Company will not allot and issue any new Shares or repurchase any existing Shares prior thereto and none of the existing Options will be exercised prior thereto, the Company’s issued and paid-up share capital shall be approximately HK\$9,056,252.58 comprising approximately 905,625,258 New Shares of a par value of HK\$0.01 each.

Status of New Shares after Capital Reorganisation

The New Shares of HK\$0.01 each after Capital Reorganisation will be identical and rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Any fractional entitlements to the Consolidated Shares will not be allocated to the Shareholders and instead will be aggregated and sold and the proceeds retained for the benefit of the Company.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation and the listing of the New Shares are conditional upon:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) the compliance with the relevant procedures and the requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued arising from the Capital Reorganisation.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be issued arising from the Capital Reorganisation.

Upon the conditions mentioned above being fulfilled, the Capital Reorganisation and the listing of the New Shares will become effective.

Reasons for the Capital Reorganisation

Pursuant to the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation of its securities. In view of the recent trading prices of the Shares, the Board proposes to effect the Share Consolidation in order to comply with the trading requirements of the Listing Rules. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the New Shares.

The Capital Reorganisation is a condition precedent to the Subscription Completion under the Subscription Agreement (as supplemented by the Supplemental Agreement). Pursuant to the Subscription Agreement (as supplemented by the Supplemental Agreement), the Subscriber (or such other wholly-owned subsidiary of the Subscriber as designated by the Subscriber) conditionally agreed to subscribe for the Subscription Shares at the Subscription Price of HK\$0.15 per Share (had the Capital Reorganisation become effective), which amount is less than the par value of HK\$0.50 for each Consolidated Share. Accordingly, it is necessary to reduce the par value of the Shares to below HK\$0.15 to give effect to the Subscription.

In addition, the Capital Reduction will keep the par value of the New Share at a lower level that can facilitate the Company's future fund raising activities as the Company is not allowed to issue any Shares below par value.

Accordingly, the Board is in the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may on or after Friday, 29 January 2016 and until Thursday, 10 March 2016 (both days inclusive) submit their existing share certificates for the Shares to the Registrar for exchange for new share certificates for the New Shares at the expense of the Company. Thereafter, existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time specified by the Stock Exchange) for each new share certificate issued or each existing share certificate submitted for cancellation, whichever the number of certificates issued or cancelled is higher. After 4:00 p.m. on Wednesday, 9 March 2016, existing share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the New Shares at any time but are not acceptable for trading, settlement and registration purposes.

The color of the new share certificates for the New Shares will be announced by the Company in due course.

EFFECT ON THE COMPANYS' SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as the date of this announcement; (ii) immediately after the Capital Reorganisation becoming effective but before the Subscription Completion and (iii) the Capital Reorganisation becoming effective and immediately after the Subscription Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares):

	As at the date of this announcement		Immediately after the Capital Reorganisation becoming effective but before the Subscription Completion		The Capital Reorganisation becoming effective and immediately after the Subscription Completion	
	Number of Shares	Approx. %	Number of New Shares	Approx. %	Number of New Shares	Approx. %
The Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them	—	—	—	—	1,400,000,000	60.72
Wu Jixian (Note 1)	657,000,000	14.51	131,400,000	14.51	131,400,000	5.70
<i>Directors</i>						
Gao Jianguo (Note 2)	25,062,000	0.55	5,012,400	0.55	5,012,400	0.22
To Wing Tim Paddy (Note 3)	1,160,000	0.03	232,000	0.03	232,000	0.01
Public shareholders	<u>3,844,904,292</u>	<u>84.91</u>	<u>768,980,858</u>	<u>84.91</u>	<u>768,980,858</u>	<u>33.35</u>
Total:	4,528,126,292	100.00	905,625,258	100.00	2,305,625,258	100.00

Notes

1. Wu Jixian beneficially owned 657,000,000 Shares and was interested in Convertible Bonds in the aggregate principal amount of HK\$582 million, which were convertible into 1,455,000,000 Shares. Reference is made to the announcement of the Company dated 5 November 2015, Wu Jixian signed a placing agreement with a Hong Kong licensed (Type 1) placing agent and agreed the placing agent to procure on a best effort basis to sell all the Convertible Bonds within 90 days from the date of the said placing agreement. As at the date of this announcement, Wu Jixian has pledged his interest in 657,000,000 Shares and certain individual minority Shareholders have pledged their interests in 500,000,000 Shares in aggregate to Kailuan.
2. Gao Jianguo, an executive Director, beneficially owned 25,062,000 Shares and was granted Options entitling to subscribe for a maximum of 25,000,000 Shares upon exercise of the Options in full.

3. *Among the 1,160,000 Shares held by To Wing Tim, Paddy, an independent non-executive Director, 300,000 Shares were held by him as beneficial owner and 860,000 Shares were held by his spouse, Leung Yuet Mel.*

As at the date of this announcement, the relevant securities of the Company comprise of:

- (i) 4,528,126,292 Shares in issue;
- (ii) 85,000,000 outstanding Options (in which (i) 27,500,000 outstanding Options were granted to Li Baoqi, an executive Director; (ii) 25,000,000 outstanding Options were granted to Gao Jianguo, an executive Director; and (iii) the rest were granted to employees) entitling the holders thereof to subscribe for a total of 85,000,000 Shares; and
- (iii) an outstanding principal amount of HK\$582,000,000 under the Convertible Bonds entitling the holder thereof to subscribe for a total of 1,455,000,000 Shares.

After the Capital Reorganisation becoming effective, the conversion price of the New Shares which may fall to be issued upon exercise of the conversion rights attached to the Convertible Bonds as well as the exercise price per Share at which the holders of the outstanding Options may subscribe for Shares upon the exercise of the Options and the number of their outstanding Options will be affected.

The Company will engage the auditors of the Company or an independent financial adviser in accordance with the terms of the Convertible Bonds instrument and the share option scheme of the Company to certify in writing as to the adjustments (if any) required to be made in respect of the conversion price of the outstanding Convertible Bonds and the exercise price and number of the outstanding Options as a result of the Capital Reorganisation. The Company will make further announcement(s), when and where appropriate, about the adjustments in compliance with the Listing Rules.

Save as disclosed above, the Company has no other outstanding securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot size of 2,000 Shares. The Board proposes that subject to and upon the Capital Reorganisation becoming effective, the board lot size be changed from 2,000 Shares to 10,000 New shares of HK\$0.01 each. The Change in Board Lot Size will not affect any of the relative rights of the Shareholders.

Based on the closing price of HK\$0.081 per Share (equivalent to HK\$0.405 per Consolidated Share upon Share Consolidation becoming effective) as at the date of this announcement, the value of each board lot of 10,000 New shares, assuming the Capital Reorganisation and the Change in Board Lot Size had already become effective, would be HK\$4,050.

Odd Lot Arrangements

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares as a result of the Change in Board Lot Size, the Company has appointed Head & Shoulders Securities Limited as an agent to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the New Shares during the period from 9:00 a.m. on Wednesday, 17 February 2016 to 4:00 p.m. on Tuesday, 8 March 2016, both days inclusive. Holders of the New Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the New Shares or to top up their odd lots to a full new board lot may directly or through their brokers to contact Mr. Alan Yu at Room 2511, 25/F., Cosco Tower, 183 Queen's Road Central, Hong Kong or at telephone number (852) 3103 8398 during office hours (i.e. 9:00 a.m. to 6:00 p.m. within such period). Holders of the New Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

Expected timetable

The expected timetable for the Capital Reorganisation and the Change in Board Lot Size is set out below:

Events

2016

Despatch of Company's circular with notice and proxy form of SGM	Tuesday, 5 January
Latest date and time of lodgment of form of proxy for the SGM	10:00 a.m. on Tuesday, 26 January
Date and time of the SGM	10:00 a.m. on Thursday, 28 January
Publication of the announcement of the results of the SGM	Thursday, 28 January

The following events are conditional on the approval of Capital Reorganisation at the SGM.

Effective date of the Capital Reorganisation	Friday, 29 January
First day of free exchange of existing share certificates for the Shares into new share certificates for the New Shares	Friday, 29 January
Dealing in New Shares commences	9:00 a.m. on Friday, 29 January

Original counter for trading in Shares in the board lot size of 2,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 29 January
Temporary counter for trading in New Shares in the board lot size of 400 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 29 January
Original counter for trading in New Shares in the board lot size of 10,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 17 February
Parallel trading in New Shares (in the form of new share certificates in the new board lot size of 10,000 New Shares and existing share certificates in the board lot size of 400 New Shares) commences	9:00 a.m. on Wednesday, 17 February
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of the New Shares	9:00 a.m. on Wednesday, 17 February
Temporary counter for trading in New Shares in the board lot size of 400 New Shares (in the form of existing share certificates) closes	4:00 p.m. on Tuesday, 8 March
Parallel trading in New Shares (in the form of new share certificates in the new board lot size of 10,000 New Shares and existing share certificates in the board lot size of 400 New Shares) ends	4:00 p.m. on Tuesday, 8 March
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the New Shares	4:00 p.m. on Tuesday, 8 March
Last day of free exchange of existing certificates for the Shares into new certificates for the New Shares	Thursday, 10 March

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) trading of coke; (ii) coal-related ancillary business; and (iii) coke production business.

INFORMATION ON THE SUBSCRIBER

The Subscriber is an investment holding company incorporated on 12 November 2010 in the British Virgin Islands with limited liability and as at the date of this announcement, the Subscriber is wholly owned by Mr. Zhao Xu Guang, who is also the sole director of the Subscriber.

Mr. Zhao Xu Guang, aged 52, acted as general manager, chairman and director of various enterprises specializing in trading, investment, property and in the energy field. He served as the chairman and executive director of Titan Petrochemicals Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1192) from July 2012 to September 2015. Mr. Zhao Xu Guang has more than 20 years of working experience in corporate management, securities investment, corporate merger and restructuring and commercial disputes. He graduated from Guangdong University of Foreign Studies with a Bachelor of Economics degree.

Immediately prior to the entering into of the Subscription Agreement, the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them did not hold any securities of the Company and were third parties independent of the Company and its connected persons.

Future intentions of the Subscriber regarding the Group

The Subscriber intends to continue the existing principal businesses of the Group. In addition to the existing businesses of the Company, the Subscriber intends to regularly review the operations and business activities of the Company and explore and identify opportunistic investments and/or joint ventures that will provide positive synergies effect to the existing businesses of the Group to enhance the Company's growth. However, the Subscriber will have to conduct a review on the financial position and the operations of the Company before he may formulate any long-term business plans and strategy for the Company, explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalization, business divestment, fund-raising, restructuring of the business and/or business diversification will be appropriate to enhance the long-term growth potential of the Company. Therefore, as at the date of this announcement, no definitive plans or timing has been determined for any of these activities and should such corporate actions materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules and the Takeovers Code (if applicable). The Subscriber has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Subscriber and the Company also intended to maintain the listing of the New Shares on the Main Board of the Stock Exchange following the Subscription Completion.

PROPOSED CHANGE TO THE BOARD COMPOSITION

As at the date of this announcement, the Board is made up of five members, comprising two executive Directors, namely Mr. Gao Jianguo and Mr. Li Baoqi; and three independent non-executive Directors, namely Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.

As disclosed in the section headed “Conditions precedent” above, the Subscription Completion is conditional upon the satisfaction of, among others, the passing of a resolution by the Shareholders at the SGM to approve the Appointment. In addition, pursuant to the terms of the Subscription Agreement (as supplemented by the Supplemental Agreement), the Company agreed to deliver the undated written resignation letters of such Directors as designated by the Subscriber to the Subscriber at Completion. Any changes to the composition of the Board will be announced by the Company as and when appropriate in compliance with the Takeovers Code and the Listing Rules. Details of the Appointment will be included in the circular to be published by the Company.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, save for the Subscription:

- (i) the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them do not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ii) the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber, which might be material to the Subscription and the Whitewash Waiver, with any other persons;
- (iv) there is no agreement or arrangement to which the Subscriber, its ultimate beneficial owner or any party acting in concert with any of them is a party which relates to circumstances in which he may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and the Whitewash Waiver; and
- (v) none of the Subscriber, its ultimate beneficial owner or any party acting in concert with any of them has received any irrevocable commitment to vote for or against the Subscription, the Whitewash Waiver or the Capital Reorganisation.

(vi) except for the entering into of the Subscription Agreement and the Supplemental Agreement, none of the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them, has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of this announcement.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder and the Whitewash Waiver and as to voting. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made by the Company upon appointment of the independent financial adviser as and when appropriate.

A SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder; (ii) the Whitewash Waiver; and (iii) the Capital Reorganisation.

Shareholders who are (i) the Subscriber, its ultimate beneficial owner or any of their respective associates; (ii) any parties acting in concert with the Subscriber or its ultimate beneficial owner; or (iii) parties involved or interested in the Subscription or the Whitewash Waiver are required to abstain from voting on the ordinary resolutions to approve the relevant transactions contemplated under the Subscription Agreement (as supplemented by the Supplemental Agreement) and the Whitewash Waiver respectively, at the SGM. Mr. To Wing Tim, Paddy, an independent non-executive Director, beneficially owned 1,160,000 Shares, was not involved in any of the discussions and negotiations of the Subscription Agreement and the Supplemental Agreement and the transactions contemplated thereunder and is not required to abstain from voting on all the resolutions to be proposed at the SGM. As no Director or controlling Shareholder, other than Mr. Li Baoqi and Mr. Gao Jianguo who were involved in the discussion and negotiation of the Subscription Agreement and the Supplemental Agreement on behalf of the Company, has any material interest in the Subscription Agreement and the Supplemental Agreement and the transactions contemplated thereunder and the Whitewash Waiver, save for Mr. Li Baoqi and Mr. Gao Jianguo, none of the Directors is required to abstain from voting on all the resolutions to be proposed at the SGM.

Whereby, the Subscriber and each of his respective associates shall abstain from voting on the resolutions to approve the Subscription Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, the Whitewash Waiver and the Capital Reorganisation.

A circular containing, among other things, (i) details of the Subscription, the Whitewash Waiver, the Capital Reorganisation and the Change in Board Lot Size; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders and the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) the Appointment; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) from the date of this announcement pursuant to the Listing Rules or 21 days from the date of this announcement pursuant to the Takeovers Code, whichever is earlier (i.e. no later than 5 January 2016).

The Subscription Completion is subject to the fulfilment of a number of conditions precedent set out under the section headed “Conditions precedent” in this announcement, including the obtaining of the approval by the Shareholders or the Independent Shareholders (as the case may be) at the SGM of the Subscription and the transactions contemplated under the Subscription Agreement (as supplemented by the Supplemental Agreement), the granting of the Whitewash Waiver by the Executive and the Capital Reorganisation becoming effective. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RESUMPTION OF TRADING

At the request of the Company, trading in the securities of the Company has been suspended from 9:00 a.m. on 30 November 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 16 December 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Appointment”	the appointment of such other Director(s) as nominated by the Subscriber which shall be effective from the Subscription Completion
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	means a day (other than a Saturday, Sunday, or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company as amended, supplemented or modified from time to time
“Convertible Bonds”	the zero coupon convertible bonds due 31 October 2018 issued by the Company dated 31 October 2008 and extended on 31 July 2013 with an outstanding principal amount of HK\$582,000,000 as at the date of this announcement
“Company”	Huscoke Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 704)
“Capital Reduction”	has the meaning given to it on page 10 of this announcement
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction, the Capital Increase and the credit to contributed surplus account
“Change in Board Lot Size”	the proposed change of board lot size of the Company’s securities for trading on the Stock Exchange from 2,000 Shares to 10,000 New Shares upon Capital Reorganisation becoming effective
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consolidated Share(s)”	has the meaning given to it on page 10 of this announcement
“controlling shareholder”	has the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim Paddy, to advise the Independent Shareholders in respect of, among other things, the Subscription and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) the Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them; and (ii) those who are involved in or interested in the Subscription and/or the Whitewash Waiver
“Issued Share Capital Reduction”	has the meaning given to it on page 10 of this announcement
“Kailuan”	Kailuan (Hong Kong) International Co. Ltd., a company incorporated in March 2010 with limited liability and the holder of security interest in approximately 25.55% of the issued Shares as at the date of this announcement
“Last Trading Day”	27 November 2015, being the last full trading day for the Shares prior to the suspension of trading in the Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2016, or such other date as may be agreed between the Company and the Subscriber in writing
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“Options”	an aggregate of 85,000,000 outstanding options granted under the share option scheme of the Company adopted on 31 May 2002 and 28 March 2013
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“SFC”	Securities and Futures Commission of Hong Kong

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver, the Capital Reorganisation and the Appointment
“Share Consolidation”	the proposed consolidation of every 5 issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company into 1 Consolidated Share of par value of HK\$0.50 each
“Shareholder(s)”	holder(s) of the Share(s) or the New Share(s), as the case maybe
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Shun Wang Investments Limited (順旺投資有限公司), a company incorporated in British Virgin Islands with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber (or such other wholly-owned subsidiary of the Subscriber as designated by the Subscriber) pursuant to the Subscription Agreement (as supplemented by the Supplemental Agreement)
“Subscription Agreement”	the subscription agreement dated 27 November 2015 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement (as supplemented by the Supplemental Agreement)
“Subscription Price”	HK\$0.15 per Subscription Share had the Capital Reorganisation become effective
“Subscription Share(s)”	1,400,000,000 New Shares to be issued by the Company to the Subscriber (or such other wholly-owned subsidiary of the Subscriber as designated by the Subscriber) pursuant to the Subscription
“Supplemental Agreement”	the supplemental agreement dated 15 December 2015 and entered into between the Company and the Subscriber to amend certain terms of the Subscription Agreement

“Takeovers Code”

The Code on Takeovers and Mergers issued by SFC

“Whitewash Waiver”

the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber to make a general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement (as supplemented by the Supplemental Agreement)

By order of the Board
Huscoke Resources Holdings Limited
Li Baoqi
Executive Director

Hong Kong, 15 December 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Jianguo and Mr. Li Baoqi, the independent non-executive Directors of the Company are Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, Mr. Zhao Xu Guang is the sole director of the Subscriber.

The Subscriber accepts full responsibility for the accuracy of the information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of its knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.