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If you have sold or transferred all your shares in Huscoke Resources Holdings Limited, you should at once hand this circular and the accompanying forms of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**MAJOR TRANSACTION
DISPOSAL OF PROPERTY
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

A notice convening the special general meeting to be held at Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on 13 May 2015 at 2:30 p.m. is set out on page SGM-1 of this circular. Whether or not you are able to attend the special general meeting, you are strongly urged to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon, and to lodge them with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Ltd., at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the special general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

24 April 2015

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Annual Coke S&P Agreement”	an agreement dated 22 May 2013 made between the Company, Kailuan and Mr. Wu Jixian, a non-executive Director and a substantial shareholder of the Company, for the supply of coke for one-year, which involved (among other matters) a second mortgage over the Property;
“Auditors”	Ernst & Young, Certified Public Accountants, and the auditors of the Company
“Board”	the board of Directors;
“Company”	Huscoke Resources Holdings Limited, an exempt company incorporated in Bermuda with limited liability, the shares of which are listed on the HKSE;
“Completion”	completion of the Disposal;
“Completion Date”	29 May 2015, as amended by the Supplemental Agreement;
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Disposal pursuant to the SPA (as amended by the Supplemental Agreement);
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the SPA (as amended by the Supplemental Agreement);
“Group”	the Company and its subsidiaries;
“Guarded Success” or “Purchaser”	Guarded Success Limited, a company incorporated in the British Virgin Island, and an Independent Third Party principally engaged in property investment;
“HKSE”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with the Company and the connected person(s) (as defined in the Hong Kong Listing Rules) of the Company;
“Kailuan”	Kailuan (Hong Kong) International Co., Ltd.;
“Latest Practicable Date”	17 April 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“OSL” or “Vendor”	Ocean Signal Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Property”	All that portion of the Forty-Second (42nd) Floor of Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong registered in the Land Registry as Unit Nos. 4203-4. The Property, occupies approximately 6,363 square feet;
“SGM”	special general meeting to be convened by the Company on 13 May 2015 in relation to the Disposal;
“Share(s)”	ordinary share(s) in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“SPA”	the preliminary sale and purchase agreement dated 10 September 2014 entered into between the Vendor and the Purchaser in respect of the Disposal;
“Supplemental Agreement”	the supplemental agreement dated 2 December 2014 entered into among the parties to the SPA to amend certain terms and conditions of the SPA; and
“%”	per cent.

LETTER FROM THE BOARD



HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 704)

Executive Directors:

Mr. Gao Jianguo (*Chairman*)

Mr. Li Baoqi (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Lam Hoy Lee, Laurie

Mr. To Wing Tim, Paddy

Mr. Lau Ka Ho

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal place of business in

Hong Kong:

Room 4205

Far East Finance Center

16 Harcourt Road

Admiralty

Hong Kong

24 April 2015

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF PROPERTY
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 10 September 2014, 30 September 2014, 30 October 2014, 24 November 2014, 29 December 2014, 12 February 2015 and 26 March 2015 respectively in relation to the Disposal.

LETTER FROM THE BOARD

The purpose of this circular is to give you (i) further information in respect of the Disposal; and (ii) the notice of SGM at which a resolution will be proposed to consider and, if thought fit, to approve the Disposal.

THE SPA

The principal terms of the SPA are summarised below:

A. Date

10 September 2014

B. Parties

Vendor: OSL, a wholly-owned subsidiary of the Company

Purchaser: Guarded Success

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

C. Information of the Property

All that portion of the Forty-Second (42nd) Floor of Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong registered in the Land Registry as Unit Nos. 4203-4. The Property, occupies approximately 6,363 square feet.

D. Consideration

The consideration of HK\$179.7 million for the Property has been determined after arm's length negotiations between the parties by reference to the prevailing market value of similar properties in the property market in Hong Kong.

LETTER FROM THE BOARD

According to the SPA (as amended by the Supplemental Agreement), the consideration for the Property has been paid/shall be payable to the Vendor in the following manner:

- (a) An initial deposit in the sum of HK\$9,000,000 has been paid by the Purchaser to the Vendor's conveyancing solicitor as stakeholder, who shall not release the same to the Vendor unless it is proven that the balance of the consideration is sufficient to discharge the existing legal charge/mortgage, upon signing of the SPA; and
- (b) the remaining balance of HK\$170.7 million shall be paid by the Purchaser on or before the Completion Date.

E. Other Terms

Pursuant to the Supplemental Agreement, the clause under the SPA where both the Vendor and the Purchaser agreed a sale and leaseback arrangement on the Property with the formal tenancy agreement signed on the completion date has been deleted in its entirety.

F. Conditions Precedent

1. The Vendor having complied with all statutory requirements and any such requirements as may be imposed under the Hong Kong Listing Rules; and
2. the passing of a resolution in the SGM sanctioning the Disposal.

G. Completion

Subject to the fulfillment of all the conditions under the SPA (as amended by the Supplemental Agreement), Completion shall take place between 9:00 a.m. and 5:00 p.m. on the Completion Date.

THE SUPPLEMENTAL AGREEMENT

On 2 December 2014, the parties to the SPA entered into the Supplemental Agreement to amend, among other things, the following key terms of the SPA:

- (1) Extending the completion date of the Disposal from 10 December 2014 to 29 May 2015; and

LETTER FROM THE BOARD

- (2) deleting the clause in its entirety under the SPA concerning the sale and leaseback arrangement upon Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Having considered the property market condition in Hong Kong, the Board believes that the Disposal is a good avenue for the Company to unlock the value in the Property. The proceeds from the Disposal will enable the Company to repay its mortgages and part of the HK\$220 million deposit received by the Group from Kailuan in relation to the Annual Coke S&P Agreement. This helps to improve the working capital condition of the Group.

The Company will then relocate to a nearby area with monthly rental of less than HK\$50,000. At present, the Company has not yet identified a suitable location and expects the relocation will take place around May or June 2015, subject to the identification of location for relocation.

The Board (including independent non-executive Directors) considers that the SPA (as amended by the Supplemental Agreement) was entered into after arm's length negotiation between the Company and the Purchaser and the terms therein are in accordance with the normal practice in the property market and the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The proceeds from the Disposal will enable the Company to repay mortgages outstanding in respect of the Property totaling approximately HK\$66,779,000 as at 28 February 2015. The balance of the proceeds, net of disposal expenses, from the Disposal will be used to repay part of the HK\$220 million deposit received by the Group from Kailuan in relation to the Annual Coke S&P Agreement.

The major terms of the Annual Coke S&P Agreement are as follows:

- Period of supply of coke agreed under the Agreement: from 24 May 2013 to 23 May 2014.
- The Group has agreed to sell and Kailuan has agreed to purchase 50,000 tonnes (subject to certain adjustment level) of coke per month. Total quantity to be sold by the Group to Kailuan would be around 600,000 tonnes during the agreement period.

LETTER FROM THE BOARD

- Kailuan shall examine the coke supply by the Group every three months. If the quantity supplied falls short of the agreed supply of at least 50,000 tonnes +/- 10% per month, the Group shall pay default liquidated damages to Kailuan at HK\$44/tonne based on the supply shortage (calculated as 150,000 tonnes less actual supply).
- Kailuan has agreed to pay the Company HK\$220 million as prepayment (which is interest free and is repayable on or before 23 May 2014).
- In order to secure the repayment of the HK\$220 million prepayment, Mr. Wu has agreed to pledge in favour of Kailuan (i) 657 million Shares in the Company and (ii) convertible bonds in the aggregate principal amount of HK\$582 million, which will (upon the conversion rights attaching thereto being exercised in full) convertible into 1,455 million Shares in the Company.
- The Group will enter into a second mortgage with Kailuan relating to the property held by the Group located at Units 4203, 4205, 4206 and 4208, 42nd Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- Should the Group dispose the property held by the Group located at Units 4203, 4205, 4206 and 4208, 42nd Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong after obtaining written consent from Kailuan, the net proceed received after repayment of the mortgage loan for the property will be used for settlement of the amount due to Kailuan first.

According to the supplemental agreement dated 18 March 2015, the details are as follows:

- (1) Kailuan will purchase coke from the Company pursuant to the supplemental agreement. Total quantity to be purchased would be 600,000 tonnes per year. Kailuan has undertaken that the Company will be given 5.5% net profit from those purchases (i.e. after deducting third party coke purchase price and other costs). The settlement cycle of each purchase shall not exceed one month.
- (2) If the quantity purchased falls short of 600,000 tonnes per year, both parties will not receive any penalties from each other.

LETTER FROM THE BOARD

- (3) Kailuan has agreed not to recover deposit of HK\$220 million and the relevant interests or penalties resulting from the Annual Coke S&P Agreement from the Company before 1 July 2016 except that the deposit should be reduced by the remaining proceeds from the disposal of the Property. In other words, if the Company has not yet repaid any deposit and the relevant interests or penalties resulting from the Annual Coke S&P Agreement before the date of signing of the supplemental agreement dated 18 March 2015, it shall not have the obligation to do so during this agreement period, and the amount received from the Company in respect of coke purchased shall not be used to compensate the deposit of purchase.
- (4) Regarding to whether there is any further interest or penalty resulting from the Annual Coke S&P Agreement after 24 December 2014, the Company and Kailuan will have further negotiations.
- (5) This supplemental agreement will be in force from the date of signing. If the parties have no amendments, the supplemental agreement dated 18 March 2015 will continue in force.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company and is engaged in the business of: “Coal-Related Ancillary Business”, “Coke Production Business” and “Coke Trading Business”.

INFORMATION ON THE PURCHASER

Guarded Success, a company incorporated in the British Virgin Islands, is principally engaged in property investment business.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Considering the carrying amount of approximately HK\$102.1 million as at 28 February 2015 of the Property, upon completion of the Disposal, the Disposal would result in a gain in approximately HK\$75.8 million after tax and expenses and is expected to accrued to the Group. This is inclusive of various direct costs attributable to the Disposal in particular, legal costs and property agent fees, etc. Therefore, after the Disposal, the asset of the Group will be reduced by the carrying amount of the Property, the liability of the mortgage loan in respect of the Property outstanding will be fully settled and the balance of the proceeds, net of disposal expenses will be used to reduce part of the liability of deposit from Kailuan.

The finance costs are expected to reduce by approximately HK\$1.8 million per annum after repayment of the mortgage loan attributable to the Property.

RISK FACTORS

Set out below are the potential risks in connection with the Disposal. Additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or that the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

(A) Going Concern

According to the annual results announcement for the year ended 31 December 2014, the risk of going concern is indicated in the following paragraphs:

Basis for disclaimer of opinion

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group incurred a net loss of approximately HK\$1,095,942,000 for the year ended 31 December 2014. As at 31 December 2014, the Group's current liabilities exceeded its current assets by HK\$499,414,000. In addition, as at 31 December 2014, the Group was in default to repay a deposit received of HK\$220,000,000 due to Kailuan (Hong Kong) International Co. Ltd. ("Kailuan"). These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

LETTER FROM THE BOARD

The directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the renewal of a bank facility of RMB30,000,000 (HK\$37,500,000) upon its maturity on 4 September 2015, (ii) the realisation of the trading of coke to Kailuan in accordance with the terms set out in the supplemental agreement, (iii) the repayment of net amounts of RMB346,890,000 (HK\$433,613,000) as at 31 December 2014 due from a non-controlling shareholder of a PRC subsidiary (the "Non-controlling Shareholder") in accordance with terms of a settlement agreement and (iv) the repayment of trade and other receivables, and prepayments of RMB37,354,000 (HK\$46,693,000) as at 31 December 2014 from affiliates of the Non-controlling Shareholder on or before 31 December 2015.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of each of the uncertainties and their possible effects, individually and cumulatively, on the consolidated financial statements described in the Basis for disclaimer of opinion paragraphs, the Auditors do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

LETTER FROM THE BOARD

(B) Capital commitment of HK\$34 million

According to the annual results announcement for the year ended 31 December 2014, as at 31 December 2014, the Group had operating lease commitments of HK\$7,284,000 (2013: HK\$9,359,000).

As at 31 December 2014, the Group had authorised, but not contracted for capital commitment of HK\$17,964,000 (2013: HK\$23,181,000) and contracted, but not provided for capital commitments of HK\$16,369,000 (2013: HK\$18,055,000) in respect of plant and equipment acquisitions.

IMPLICATIONS OF THE LISTING RULES

As certain applicable percentage ratios (as defined in the Hong Kong Listing Rules) for the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquires, as at the Latest Practicable Date, none of the Directors nor Shareholders is materially interested in the Transaction. No Shareholder is required to abstain from voting on the resolution approving the Transaction at the SGM.

SGM

The SGM will be held for considering and, if thought fit, passing the ordinary resolution to approve the Disposal and the transactions contemplated thereunder. A notice convening the SGM to be held at Room 4205, 42/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, on 13 May 2015 at 2:30 p.m. is set out on page SGM-1 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited., at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event no less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be).

LETTER FROM THE BOARD

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions at the SGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the terms and conditions of the SPA (as amended by the Supplemental Agreement) are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution as set out in the notice of the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

WARNING NOTICE

As the Disposal is subject to a number of conditions precedent and may or may not be completed, Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders and potential investors of the Company should be fully aware of the results announcement of the Group for the year ended 31 December 2014 published on 31 March 2015 and the financial impacts caused by the said results announcement.

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

1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2014

Details of the financial information of the Group for the financial years ended 31 December 2012, 2013 and 2014 are disclosed in the Company's annual reports and annual results announcement for the financial years ended 31 December 2012, 2013 and 2014 respectively. All of these financial statements have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's websites at <http://www.huscoke.com/>.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2015, being the latest date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had an aggregate outstanding borrowing of approximately HKD419,132,000 comprising:

- (a) Outstanding bank borrowings of approximately HKD104,279,000, which includes a bank loan of HK\$37,500,000 denominated in RMB and secured by a corporate guarantee from an independent third party, and a mortgage loan of HK\$66,779,000 secured by a first mortgage over the Group's land and buildings situated in Hong Kong;
- (b) Unsecured other loans of approximately HKD19,169,000;
- (c) A deposit of HK\$220,000,000 placed by Kailuan (Hong Kong) International Co. Ltd. ("Kailuan"), an independent third party, to the Group for the purchase of coke for a term of one year from 24 May 2013 under the annual coke sale and purchase agreement ("Agreement"). As at 28 February 2015, the deposit was secured by the following:
 - (i) a pledge of 1,157,000,000 ordinary Shares of the Company, as to 657,000,000 ordinary shares owned by Mr. Wu Jixian, a substantial shareholder of the Company, and as to 500,000,000 ordinary Shares of the Company held by certain shareholders of the Company;

- (ii) a pledge by Mr. Wu Jixian of the convertible bonds issued in 2008 with an aggregate outstanding principal amount of HK\$582,000,000 and a carrying amount of HK\$829,350,000 (which, if the convertible rights attached thereto are exercised in full, will be converted into 1,455,000,000 ordinary Shares of the Company); and
- (iii) a second mortgage over the Group's land and buildings situated in Hong Kong, with a carrying value at 28 February 2015 of approximately HK\$102.1 million.

On 23 January 2015, the Group entered into a debt repayment scheme agreement ("Debt Repayment Scheme Agreement") and an interest scheme agreement ("Interest Scheme Agreement") with Kailuan which states the repayment arrangement and the calculations on penalties and interests for the deposit from Kailuan after the expiry date on 23 May 2014 of the Agreement.

In connection with the Agreement, Debt Repayment Scheme Agreement and Interest Scheme Agreement, the Group owed penalties, compensations and interest to Kailuan amounted to approximately HK\$25,483,000 as at 28 February 2015.

Further details of the deposit received, calculations on penalties and interests are set out in the Company's announcement dated 23 May 2013, 29 May 2013, 23 May 2014, 10 September 2014 and 23 January 2015.

- (d) Unsecured other loans from Non-controlling shareholder of approximately HKD50,201,000.

As at 28 February 2015, being the latest date prior to the printing of this circular for the purpose of this indebtedness statement, no member of the Group is engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any members of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 28 February 2015 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

As at 31 December 2014, the Group's current liabilities exceeded its current assets by HK\$499,414,000. The Group incurred a net loss of approximately HK\$1,095,942,000 and had net cash outflows of HK\$8,578,000 for the year ended 31 December 2014.

In view of such circumstances, the Directors have given careful consideration to the liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient working capital for its present requirements, that is, at least twelve months from the date of the Circular. In addition to the proposed disposal of the Property, the Group is undertaking the following measures:

- (i) On 10 September 2014, the Group entered into a preliminary sale and purchase agreement with Guarded Success Limited, an independent third party, for the disposal of its land and building with a carrying value of HK\$102,462,000 at 31 December 2014 (the "Property") for a cash consideration of HK\$179,700,000. The proceeds, net of disposal expenses of HK\$1,800,000, will be used to repay a mortgage bank loan with an outstanding balance of HK\$67,451,000 at 31 December 2014, with the remaining amount to partially settle the deposit of HK\$220,000,000 due to Kailun ("Deposit"). The disposal is subject to approval by shareholders in a SGM. On 2 December 2014, the Group and Guarded Success Limited signed a Supplemental Agreement in which the transaction is due to be completed by 29 May 2015.
- (ii) In January 2015, the Group obtained financial support of HK\$2,600,000 from a director of the Company. The amount is interest-free and is not repayable before 1 July 2016.
- (iii) On 31 January 2015, the Group secured the agreement of lenders, including certain directors of the Company and a PRC subsidiary, of certain other borrowings with an aggregate amount of HK\$15,918,000 as at 31 December 2014 to defer settlement to 1 July 2016.
- (iv) On 31 January 2015, the Group entered into an agreement with a non-controlling shareholder of the PRC subsidiary (the "Non-controlling Shareholder") pursuant to which, settlement of an amount due to Non-controlling shareholder by the Group of HK\$50,201,000 as at 31 December 2014 was deferred to 1 July 2016.

- (v) The Group's bank loan of RMB30,000,000 (HK\$37,500,000) at 31 December 2014, was renewed on 4 March 2015 for six months, maturing on 4 September 2015. The Directors are of the opinion that the facility could be successfully renewed for a term of not less than 1 year upon its maturity on 4 September 2015. However, since the Group has not commenced the process of renewing the maturity date with the bank, direct confirmation from the financial institution that such bank facility exist through the next twelve months from the Circular date could not be obtained.
- (vi) On 18 March 2015, the Company and Kailuan entered into a supplemental agreement with regard to a deposit of HK\$220,000,000 (the "Deposit"), pursuant to which Kailuan agreed not to demand repayment of the principal amount of the Deposit and the related interest and penalty charges totaling HK\$245,483,000 before 1 July 2016, except that the Deposit should be reduced by the remaining proceeds from the disposal of the Property as stated in (i) above.
- (vii) Pursuant to the same supplemental agreement stated in (iv) above, Kailuan agreed to purchase 600,000 tons of coke from the Group per year. Kailuan undertakes that the Group will be given a 5.5% net profit margin from these purchases (i.e. after deducting coke purchase and other costs).
- (viii) On 18 March 2015, the Group and the Non-controlling Shareholder entered into a settlement arrangement, pursuant to which the Non-controlling Shareholder commits to repay the net balances due to the Group (being the outstanding trade and other receivables less trade payables) in the amount of RMB346,890,000 (HK\$433,613,000) as at 31 December 2014 by monthly instalment of RMB30,000,000 (equivalent to HK\$37,500,000) after its new coking plant starts operation in August 2015, and that the entire amount would be settled within 12 months.
- (ix) As at 31 December 2014, the Group recorded prepayments and amounts due from certain affiliates of the Non-controlling Shareholder of RMB37,354,000 (HK\$46,693,000). The Directors are in the opinion that full repayment of these receivables is forthcoming in 2015. The Group and the Non-controlling Shareholder entered into an indemnity agreement on 20 March 2015, pursuant to which the Non-controlling Shareholder undertakes that if any amounts were not settled by the respective parties by 31 December 2015, it will settle the amount on their behalf within a year from 31 December 2015.

Significant uncertainties exist as to whether the Group will be able to achieve its plans and measures as described above. Whether the Group will have sufficient working capital for its present requirements, that is, at least twelve months from the date of the Circular is contingent to the successful fulfilment of the following measures:

- (i) the renewal of a bank facility of RMB30,000,000 (HK\$37,500,000) for not less than twelve months from its maturity date of 4 September 2015,
- (ii) the realisation of the trading of coke to Kailuan in accordance with the terms set out in the supplemental agreement,
- (iii) the repayment of net amounts due from the Non-controlling Shareholder of RMB346,890,000 (HK\$433,613,000) as at 31 December 2014 in accordance with the terms of the settlement agreement; and
- (iv) the repayment of the trade and other receivables, and prepayments of RMB37,354,000 (HK\$46,693,000) as at 31 December 2014 due from affiliates of the Non-controlling Shareholder on or before 31 December 2015, failing which, the fulfillment of the undertaking given by the Non-controlling Shareholder to pay unsettled amount as stipulated in the indemnity agreement.

If the Group fails to successfully fulfil any of the above measures, the Group will not have sufficient working capital for its present requirements, that is, at least twelve months from the date of the Circular, after taking into account the proposed disposal of the Property.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financing or trading position of the Group since 31 December 2014 to which the latest published audited accounts of the Group were made up, save and except as indicated in the results announcement of the Group for the year end 31 December 2014 published on 31 March 2015.

5. FINANCIAL AND TRADING PROSPECTS

According to the annual results announcement for the year ended 31 December 2014, 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 to two years. The environmental policies and excess capacity constraints will be the major factors affecting the development coke industry players in the future.

It is expected either the macroeconomic or the coke industry will continue this year's weakness in 2015. Excess capacity had been a serious problem for many industries in China, including the steel industry and coke industry, and this is still the main problem facing the market players in those industries. Environmental focus restricting the coke production quantities is a support to the coke price, but the weak market demand is still making the industry not able to enter into a more balanced supply and demand cycle. Overall, the 2015 coke market will still continue a weak trend.

Moreover, upon entering 2014, China has assumed the chairmanship of Asia-Pacific Economic Cooperation ("APEC") and will host throughout the year a series of APEC meetings and supporting events including the Economic Leaders' Meeting, Ministerial Meetings, Senior Officials' Meetings, and meetings among committees, sub-committees, and working groups across the APEC fora. It is expected the Chinese government will be putting more focus on environmental policies.

Since smaller coke production facilities are usually of less advance and less environmentally friendly technology and lower efficiency, one of the works of the government is to close down small coke production plants. This also helps to solve the excess capacity problems. Thus, the coke producers will have to meet the size, energy consumption and environmental protection standards in order to stay in the industry.

To tackle the challenges mentioned above, the management has been implementing various strategies to improve the Group's operating performance and also making investments to make the Group's production facilities comply with higher environmental standards.

Moreover, the management had been considering of spending more effort on the attempt to restart the Group's coke export trading business. On 18 March 2015, the Group and Kailuan entered into a supplemental agreement pursuant to which Kailuan will purchase 600,000 tonnes coke per year from the Group. Kailuan has undertaken that the Group will be given 5.5% net profit margin from those purchases (i.e. after

deducting third party coke purchase price and other costs). The Group will try to find new source of coke suppliers which meets the export coke quality standards. The management hopes this coke export trading business can help the Group to improve its gross profit margin and alleviate the effect on the Group imposed by the weak China coke market.

In September 2010, the Group has signed an non-legal binding memorandum of understandings (“MOU”) with the Non-Controlling Shareholder. This MOU mainly related to the proposed cooperation with the Non-Controlling Shareholder for the construction of a new coking plant with annual capacity of 2 million tonnes. Up to the date of Annual Results Announcement, the Group has invested around RMB2,000,000 in this project and there is no additional commitment for the Group at this stage. The construction works of the new plant has started in 2011 and expect to be finished in this year. It was wholly financed by the Non-Controlling Shareholder. The Group will assess the financial abilities and the prospects of the industry after the coking plant commence production and consider if the Group will join the project or not.

WARNING NOTICE

Shareholders and potential investors of the Company should be fully aware of the annual results announcement of the Group for the year ended 31 December 2014 published on 31 March 2015 and the financial impacts caused by the said results announcement.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 28 February 2015 of the property interests to be disposed by the Group.

 **ASCENT PARTNERS**
Together We Flourish
Suite 2102, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3579-0884

Date: 24 April 2015

The Board of Directors
Huscoke Resources Holdings Limited
Room 4205
Far East Finance Centre
No. 16 Harcourt Road
Hong Kong

Dear Sir/Madam,

RE: Valuation of Units Nos. 4203-4 on 42/F, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong (the “Property”)

INSTRUCTIONS

In accordance with the instructions received from Huscoke Resources Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out a valuation of the property to be disposed of, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 28 February 2015 (referred to as the “**Valuation Date**”) for the purpose of incorporation in the circular of the Group.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s – length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

We have valued the property interests of property in market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Unless otherwise stated, our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests. We have also assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

We have assumed that the owners of the Property have free and uninterrupted rights to use and dispose of the Property for the whole of the unexpired term of Land Grant.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the Property located in Hong Kong.

We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out by Mr. Charles Choi, ASc (Estate Surveying) on 9 March 2015.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollar (HKD).

Our valuation certificate in respect of the property interests is herewith attached.

Yours faithfully,

For and on behalf of

Ascent Partners Valuation Service Limited

Stephen Y. W. Yeung

MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)

Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

VALUATION CERTIFICATE

Property interests to be disposed of by the Group in Hong Kong

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 28 February 2015
Units Nos. 4203-4 on 42/F, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong	The property comprises two office units on 42nd Floor of a 47-storey commercial building (with 12th, 13th, 14th, 24th, 31st, 34th, 44th Floors omitted) completed in 1982.	The property was occupied by the Group for office purpose as at the Valuation Date.	HKD168,000,000 100% interest Attributable to the Group: HKD168,000,000
138/13200th undivided shares of and in Inland Lot No. 8466	As scaled from a registered assignment plan, the saleable area of the property is approximately 4,265 sq.ft. The property is held under Conditions of Sale No. 11418 for a term of 75 years renewable for 75 years commencing from 23 July 1980. The Government rent payable for Inland Lot No. 8466 is HKD1,000 per annum.		

Notes:

- (1) The registered owner of the property is Ocean Signal Limited vide Memorial No. 08010401070015 dated 7 December 2007 which is an indirect wholly-owned subsidiary of the Group.
- (2) The property is subject to encumbrances as follows:
 - (i) A Deed of Mutual Covenant vide Memorial No. UB2360738 dated 30 December 1982;
 - (ii) A Sub-Deed of Mutual Covenant vide Memorial No. UB2734978 dated 27 February 1985;
 - (iii) A Legal Charge/Mortgage in favour of The Bank of East Asia, Limited vide Memorial No. 12073000540299 dated 13 July 2012; and
 - (iv) A Second Mortgage in favour of Kailuan (Hong Kong) International Co., Limited vide Memorial No. 13060701350047 dated 22 May 2013.

- (3) The Property lies within an area zoned “Commercial” under approved Central District Outline Zoning Plan No. S/H4/14 dated 19 April 2013.
- (4) Pursuant to a copy of Preliminary Sale and Purchase Agreement No. KETP0137(11) dated 10 September 2014 and a Supplemental Agreement dated 2 December 2014 provided by the Group that were entered into between Ocean Signal Limited (the “Vendor”) and Guarded Success Limited (the “Purchaser”) which the Purchaser is an independent third party, the property was disposed of in a consideration of HKD179,700,000 and the payment terms is listed as follows:
- (i) HKD9,000,000 was paid upon signing of the Preliminary Sale and Purchase Agreement as deposit; and
 - (ii) HKD170,700,000 shall be paid upon completion on or before 29 May 2015 as balance of the consideration.
- (5) The property is located along Harcourt Road abutting to Cotton Tree Drive and Tamar Street in Admiralty which is one of the prime business centres in Hong Kong. The locality largely comprises various Grade A office developments including Admiralty Centre, Lippo Centre, Pacific Place and Bank of America Tower etc. with 5-stars hotels and high-end shopping malls dispersed in the surroundings. The New Government Headquarters of the HKSAR is also located in the nearby. Transportation is convenient, it is accessible via franchised bus, tram, public light-bus, taxi and the Admiralty MTR Station is also within close walking distance. According to the information from the Rating and Valuation Department, the latest average yield is about 2.9% for Grade A office.
- (6) The Group have confirmed as follows:
- (i) No options or rights of pre-emption concerning or affecting the property;
 - (ii) No environmental issues such as breach of environmental regulations;
 - (iii) No notices, pending litigation, breach of law or title defects affecting the property; and
 - (iv) No plans for construction, renovation, improvement or development for the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Notes	Nature of Interest	Number of Shares held	Approximate percentage of shareholding (%)
Gao Jianguo	(a)	Beneficial owner	25,062,000	0.55
To Wing Tim, Paddy	(b)	Beneficial owner	1,160,000	0.03

Long positions in the underlying Shares

Name of Director	Notes	Nature of Interest	Number of Shares held	Approximate percentage of shareholding (%)
Gao Jianguo	(a)	Beneficial owner	25,000,000	0.55
Li Baoqi	(c)	Beneficial owner	27,500,000	0.61

Note:

- (a) As at the Latest Practicable Date, Gao Jianguo was the executive Director and Chairman of the Company, who beneficially owned 25,062,000 Shares. He was also entitled to options (granted under the Company's share option scheme) to subscribe for a maximum of 25,000,000 Shares upon exercise of the options in full.
- (b) Among these Shares in which To Wing Tim, Paddy ("Mr. To") has interest, 300,000 Shares are held by Mr. To (an independent non-executive Director) as beneficial owner while 860,000 Shares are held by Ms. Leung Yuet Mei, the spouse of Mr. To. Accordingly, Mr. To is deemed interested in such 860,000 Shares as well under the SFO.
- (c) As at the Latest Practicable Date, Li Baoqi, an executive Director was entitled to share options to subscribe for a maximum of 27,500,000 Shares upon exercise of the options in full.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, none of the Directors is a director or employee of a company, which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholder's interests

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares or underlying Shares

Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Kailuan	Beneficial owner <i>(Note a)</i>	2,612,000,000	57.75%
Kailuan (Group) Limited	Interest in controlled corporation <i>(Note b)</i>	2,612,000,000	57.75%
Kailuan (Hong Kong) Co., Limited	Interest in controlled corporation <i>(Note b)</i>	2,612,000,000	57.75%
Rontac Investment Company Limited	Interest in controlled corporation <i>(Note b)</i>	2,612,000,000	57.75%
Rontac Resources Company Limited	Interest in controlled corporation <i>(Note b)</i>	2,612,000,000	57.75%

Notes:

- (a) As at the Latest Practicable Date, Mr. Wu had pledged his interests in 657,000,000 Shares and interests in convertible bonds in the aggregate principle amount of HK\$582,000,000 which were convertible into 1,455,000,000 Shares to Kailuan. Certain individual minority Shareholders have pledged 500,000,000 Shares in aggregate to Kailuan.
- (b) Kailuan is owned by Kailuan (Hong Kong) Co., Limited as to 51% and Rontac Resources Company Limited as to 40% which Kailuan (Hong Kong) Co., Limited is owned by Kailuan (Group) Limited as to 51% and Rontac Resources Company Limited is owned by Rontac Investment Company Limited as to 33.33%.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which had been notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses to which the Directors and his associates were appointed to represent the interests of the Company and/or the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, to which the latest published audited consolidated financial statements of the Group were made up, save and except as indicated in the annual results announcement of the Group for the year end 31 December 2014 published on 31 March 2015.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the issue of this circular and are or may be material:

- (i) the Annual Coke S&P Agreement;
- (ii) a letter of intent dated 27 March 2014 entered into between the Company and Kailuan concerning the extension of the Annual Coke S&P Agreement and the repayment date of the HK\$220,000,000 deposit payable by the Company to Kailuan upon the expiry date of 23 May 2014. As no legally-binding formal agreement has been reached by the Company and Kailuan before the expiry date, the said letter of intent lapsed;
- (iii) On 10 September 2014, the Group entered into a preliminary sale and purchase agreement with Guarded Success Limited, an independent third party, for the disposal of its land and buildings with a carrying value of HK\$102,462,000 at 31 December 2014 (the “Property”) for a cash consideration of HK\$179,700,000. The proceeds, net of disposal expenses of HK\$1,800,000, will be used to repay a mortgage bank loan with an outstanding balance of HK\$67,451,000 at 31 December 2014, with the remaining amount to partially settle the Deposit. The disposal is subject to approval by shareholders in a special general meeting. On 2 December 2014, the Group and Guarded Success Limited signed a Supplemental Agreement in which the transaction is due to be completed by 29 May 2015.
- (iv) As at 31 December 2014, the Group recorded trade and other receivables and prepayments of RMB37,354,000 (HK\$46,693,000) due from affiliates of the Non-controlling Shareholder. The Directors are of the opinion that full

repayment of these receivables will be forthcoming in 2015. The Group and the Non-controlling Shareholder entered into an indemnity agreement on 20 March 2015, pursuant to which the Non-controlling Shareholder undertakes that if any amounts were not settled by the respective parties by 31 December 2015, it will settle the amount on their behalf within a year from 31 December 2015.

- (v) In January 2015, the Group obtained financial support of HK\$2,600,000 from a director of the Company. The amount is interest-free and is not repayable before 1 July 2016.
- (vi) a debt repayment scheme agreement dated 23 January 2015 entered into between the Company and Kailuan for the purpose of restituting the Company's default in the HK\$220,000,000 deposit repayment to Kailuan (the "Debt Repayment Scheme Agreement");
- (vii) an interest scheme agreement dated 23 January 2015 entered into between the Company and Kailuan in respect of the repayment of the principal, interest and compensation to Kailuan resulting from the Company's default in the HK\$220,000,000 deposit repayment to Kailuan (the "Interest Scheme Agreement");
- (viii) On 31 January 2015, the Group secured the agreement of lenders, including certain directors of the Company and a PRC subsidiary, of certain other borrowings with an aggregate amount of HK\$15,918,000 as at 31 December 2014 to defer settlement to 1 July 2016.
- (ix) On 31 January 2015, the Group entered into an agreement with a non-controlling shareholder of the PRC subsidiary (the "Non-controlling Shareholder") pursuant to which, settlement of an amount due to it by the Group of HK\$50,201,000 as at 31 December 2014 was deferred to 1 July 2016.
- (x) The Group's bank loan of RMB30,000,000 (HK\$37,500,000) at 31 December 2014, was renewed on 4 March 2015 for six months, maturing on 4 September 2015. The Directors are of the opinion that the facility could be successfully renewed for a term of not less than 1 year upon its maturity on 4 September 2015.

- (xi) a coke sale and purchase agreement dated 17 March 2015 entered into between 山西金岩和嘉能源有限公司 (GRG Huscoke (Shan Xi) Ltd.*) (“Huscoke Shanxi”), the Company’s non-wholly owned PRC subsidiary, and 山西東義煤電鋁集團煤化工有限公司 (Shanxi Dongyi Coal Electricity Aluminum Group Chemical Industry Ltd.*) (“Shanxi Dongyi”) concerning the supply and purchase of coke between Shanxi Dongyi and Huscoke Shanxi;
- (xii) On 18 March 2015, the Company and Kailuan entered into a supplemental agreement with regard to the Deposit, pursuant to which Kailuan agreed not to demand repayment of the principal amount of the Deposit and the related interest and penalty charge totaling HK\$245,483,000 before 1 July 2016, except that the Deposit should be reduced by the remaining proceeds from the disposal of the Property as stated in (iii) above. Pursuant to the same supplemental agreement stated in (vi) above, Kailuan agreed to purchase 600,000 tons of coke from the Group per year. Kailuan undertakes that the Group will be given a 5.5% net profit margin from these purchases (i.e. after deducting coke purchase and other costs).
- (xiii) On 18 March 2015, the Group and the Non-controlling Shareholder entered into a settlement arrangement, pursuant to which the Non-controlling Shareholder commits to repay the net balances due to the Group (being the outstanding trade and other receivables less trade payables) in the amount of RMB346,890,000 (HK\$433,613,000) as at 31 December 2014 by monthly instalments of RMB30,000,000 (equivalent to HK\$37,500,000) after its new coking plant starts operation in August 2015, and that the entire amount would be settled within 12 months.

9. EXPERT AND CONSENT

The following are the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Ascent Partners Valuation Service Limited	Independent Professional Valuer

* *English name for identification purpose only*

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reports and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the expert:

- (i) was not interested, either direct or indirect, in any assets which have been, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. MISCELLANEOUS

- (i) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda
- (ii) The head office and principal place of business of the Company in Hong Kong is Room 4205, 42nd Floor, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong.
- (iii) The company secretary of the Company is Mr. Chang Chi Wai, Stanley, who is member of Hong Kong Institute of Certified Public Accountants.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (v) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Room 4205, 42nd Floor, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong, up to and including the date of the SGM:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the Company's annual reports for the two years ended 31 December 2012 and 31 December 2013, respectively;
- (iii) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (iv) the property valuation report by Ascent Partners Valuation Services Limited as at out in Appendices II to this circular respectively;
- (v) the written consents referred to in the paragraph head "Expert and Consent" in this Appendix; and
- (vi) this circular.

NOTICE OF SGM



HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 704)

NOTICE IS HEREBY GIVEN that an special general meeting of Huscoke Resources Holdings Limited (the “Company”) will be held at Room 4205, 42/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, on 13 May 2015 at 2:30 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the sale and purchase agreement dated 10 September 2014 (the “**SPA**”) as amended by the supplemental agreement dated 2 December 2014 (the “**Supplemental Agreement**”) entered into between the OSL (the “**Vendor**”), a wholly-owned subsidiary of the Company, and Guarded Success (the “**Purchaser**”), pursuant to which, among other things, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase all that portion of the Forty-Second (42nd) Floor of Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong registered in the Land Registry as Unit Nos. 4203-4 (the “**Property**”) for a consideration of HK\$179.7 million on terms and conditions as set out in the SPA (as amended by the Supplemental Agreement), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors of the Company be and is/are hereby generally and unconditionally authorised to do such acts and things, to sign and execute all such documents for and on behalf of the Company and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the SPA (as amended by the Supplemental Agreement) and the transactions contemplated thereunder.”

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

Hong Kong, 24 April 2015