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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)

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PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF ZERO-COUPON CONVERTIBLE BONDS HAVING OUTSTANDING PRINCIPAL AMOUNT OF HK\$582 MILLION IN AGGREGATE ORIGINALLY DUE 31 OCTOBER 2013, WHICH CONSTITUTES A CONNECTED TRANSACTION

As at the date of this announcement, the aggregate principal amount of the outstanding Tranche 2 Bonds is HK\$582 million, and their maturity date is 31 October 2013. All such outstanding Tranche 2 Bonds are held by Mr. Wu.

On 31 July 2013, the Company received a letter from Mr. Wu, requesting for extension of the Maturity Date for the Tranche 2 Bonds to 31 October 2018. On 31 July 2013, the Company entered into the Supplemental Deed, pursuant to which the Maturity Date of the Tranche 2 Bonds issued to Mr. Wu will, subject to the conditions precedent as contained in the Supplemental Deed being satisfied, be extended to the said date.

As Mr. Wu is a non-executive Director and a substantial Shareholder, he is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Accordingly, the extension as contemplated by the Supplemental Deed constitutes a connected transaction of the Company under the Listing Rules.

As the Maturity Date Extension does not fall into any exemption under Rule 14A.31(3) of the Listing Rules, the Maturity Date Extension is subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

It is expected that a circular containing, among other things, (i) further information on the Supplemental Deed and the proposed Maturity Date Extension; (ii) a letter from the IBC to the Independent Shareholders; (iii) a letter of advice from the IFA to the IBC and the Independent Shareholders in relation to the Supplemental Deed and the proposed Maturity Date Extension; and (iv) a notice of the SGM, will be despatched to all Shareholders on or before 21 August 2013 in accordance with the Listing Rules.

Reference is made to (i) the Company's announcements (collectively, the "**VSA Announcements**") dated 24 January 2008, 19 May 2008 and 31 October 2008, respectively, and the Company's circular dated 20 March 2008 ("**Circular**"), in relation to a very substantial acquisition which would involve issue of the Convertible Bonds (including the Tranche 2 Bonds) to Wu Jixian ("**Mr. Wu**"); and (ii) the Company's announcement dated 23 May 2013 ("**May 2013 Announcement**") in relation to the agreement ("**Kailuan SP Agreement**") dated 22 May 2012 and made between the Company, Kailuan (Hong Kong) International Co. Ltd. ("**Kailuan**") and Mr. Wu for supply of coke for one year, which involved (among other matters) the pledge of Tranche 2 Bonds in the aggregate principal amount of HK\$582 million held by Mr. Wu to Kailuan.

Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

AMENDMENTS TO THE INSTRUMENT WHICH CONSTITUTES THE TRANCHE 2 BONDS

Background: issue of the Tranche 2 Bonds by the Company to Mr. Wu

As disclosed in the VSA Announcements, the Tranche 2 Bonds were issued to Mr. Wu on 31 October 2008. As disclosed in the Circular, the maturity date ("**Maturity Date**") of the Tranche 2 Bonds shall be the 5th anniversary of the date of first issue of such bonds, i.e. the original Maturity Date is 31 October 2013. As at 31 July 2013, the aggregate principal amount of the Tranche 2 Bonds is HK\$582 million, which will (upon the conversion rights attaching thereto being exercised in full) be convertible into 1,455 million Shares. Assuming that (i) the Automatic Conversion will have taken place on the original Maturity Date, the number of Shares held by Mr. Wu is not changed from the date of this announcement up to the original Maturity Date, and (iii) the number of issued Shares is not changed from the date of this announcement up to the original Maturity Date, the shareholding of Mr. Wu will be increased to 35.33% of the enlarged issued share capital in the Company immediately after the Automatic Conversion.

The Tranche 2 Bonds are constituted and governed by an instrument (“**Original Instrument**”) dated 16 May 2008 and executed by the Company. Under the Instrument, any Tranche 2 Bonds which remain outstanding by 4:00 p.m. on the Maturity Date shall be converted automatically into the Conversion Shares (“**Automatic Conversion**”), provided that there will not be any such automatic conversion on the Maturity Date, if such conversion will result in a bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% or more of the entire issued Shares.

In May 2010, in connection with the issue of certain convertible bonds by the Company to Passion Giant Investment Limited (“**PGI**”), Mr. Wu pledged (among other collaterals) part of the Tranche 2 Bonds to PGI. On 29 May 2013, PGI executed a deed of release of such pledge of Tranche 2 Bonds.

Pledge of Tranche 2 Bonds in favour of Kailuan

As disclosed in the May 2013 Announcement, pursuant to the Kailuan SP Agreement, Mr. Wu has agreed to pledge in favour of Kailuan the outstanding amount the Tranche 2 Bonds in order to secure (among other obligations) repayment by the Company to Kailuan of a prepayment (“**Kailuan Prepayment**”) in the sum of HK\$220 million. On 29 May 2013, Mr. Wu executed such pledge (“**Bond Pledge**”) in favour of Kailuan. The Bond Pledge is expected to be released by Kailuan after the Company’s repayment of the Prepayment and the Company’s performance of other obligations under the Kailuan SP Agreement being 23 May 2014.

As mentioned above, the Automatic Conversion of the Tranche 2 Bonds will occur upon 31 October 2013. When it so takes place, it will constitute a breach by Mr. Wu of the provisions under the Bond Pledge, in particular, Mr. Wu has undertaken (among others) he will not dispose of or otherwise deal with any of the Tranche 2 Bonds except as directed by or with the consent of Kailuan in writing.

Supplemental deed poll

In the light of the above, Mr. Wu requested the Company to extend the Maturity Date for the Tranche 2 Bonds to 31 October 2018. In 31 July 2013, the Company executed a supplemental deed poll (“**Supplemental Deed**”), pursuant to which the Maturity Date of the Tranche 2 Bonds will be extended to 31 October 2018 (“**Maturity Date Extension**”), which shall become effective upon and only upon all the following conditions being satisfied:

- (i) the compliance by the Company of (or, as the case may be, obtaining from the Stock Exchange of a waiver from) all requirement under the Listing Rules (including without limitation the obtaining of the approval from Shareholders other than Mr. Wu and his associates (“**Independent Shareholders**”) in special general meeting (“**SGM**”) of the Company to be held) as may be applicable in connection with the Supplemental Deed and the transactions contemplated thereby;

- (ii) the passing of an ordinary resolution by the holders of the outstanding Tranche 2 Bonds in accordance with the provisions of the Original Instrument for sanctioning the Maturity Date Extension; and
- (iii) the approval from the Stock Exchange for the Maturity Date Extension and changes relating thereto (including but without limitation to the approval for the listing of and permission to deal in the Conversion Shares on the Stock Exchange which may be issued upon conversion of the Tranche 2 Bonds).

If any of the conditions set out above are not fulfilled on or before 31 October 2013, the Supplemental Deed shall cease and terminate.

The Supplemental Deed is supplemental to the terms and conditions of the Tranche 2 Bonds and, save as expressly amended in the manner as mentioned above, all the provisions of the terms and conditions of the Tranche 2 Bonds shall remain in full force and effect. Shareholders and other investors or potential investors are advised to refer to the Circular for a summary of the principal terms and conditions of the Tranche 2 Bonds.

Reasons for entering into the Supplemental Deed

As mentioned above, if the Automatic Conversion takes place on the original Maturity Date, i.e. 31 October 2013, it will constitute a breach by Mr. Wu under the Bond Pledge, which may also result in an early repayment of the Kailuan Prepayment.

The Directors (excluding the independent non-executive Directors whose views are pending the advice of IFA) consider that the Maturity Date Extension will allow the Company and Mr. Wu to comply with their obligations under the Kailuan SP Agreement (and its ancillary documents) and the terms and conditions of the Supplemental Deed (including the Maturity Date Extension) are fair and reasonable and are in the best interest of the Company and its Shareholders as a whole.

Application for listing

No application will be made for the listing of, or permission to deal in, the Tranche 2 Bonds on the Stock Exchange or any other stock exchange.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued pursuant to the Tranche 2 Bonds.

IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE AUTOMATIC CONVERSION

As at the date of this announcement, there are a total of 4,522,926,292 Shares in issue. The following table summarises (i) the Company's existing shareholding structure; and (ii) the shareholding structure assuming and immediately after the occurrence of the Automatic Conversion of the Tranche 2 Bonds in full on 31 October 2013 (i.e. where the Maturity Date Extension does not take place) and thus the issue of Shares to Mr. Wu:

	Existing shareholdings		Assuming Automatic Conversion in full on 31 October 2013	
	No. of Shares	%	No. of Shares	%
Directors:				
Mr. Wu (<i>Note 1</i>)	657,000,000	14.53	2,112,000,000	35.33
Gao Jianguo (<i>Note 2</i>)	28,062,000	0.62	28,062,000	0.47
To Wing Tim, Paddy (<i>Note 3</i>)	1,160,000	0.03	1,160,000	0.02
Li Baoqi (<i>Note 4</i>)	—	—	—	—
Other public Shareholders:	<u>3,836,704,292</u>	<u>84.82</u>	<u>3,836,704,292</u>	<u>64.18</u>
Total:	<u><u>4,522,926,292</u></u>	<u><u>100</u></u>	<u><u>5,977,926,292</u></u>	<u><u>100</u></u>

Notes:

- (1) As at the date of this announcement, Mr. Wu beneficially owned 657,000,000 Shares. The 657,000,000 shares were pledged to Kailuan to secure the Kailuan Prepayment on 22 May 2013. Mr. Wu was also entitled to options (granted under the Company's share option scheme) to subscribe for a maximum of 11,400,000 Shares upon exercise of the options in full.
- (2) As at the date of this announcement, Gao Jianguo, an executive Director, beneficially owned 28,062,000 Shares. He is also entitled to options (granted under the Company's share option scheme) to subscribe for a maximum of 3,000,000 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 are held by Mr. To as beneficial owner and 860,000 Shares held by Ms. Leung Yuet Mei, the spouse of Mr. To. Accordingly, Mr. To is deemed to be interested in the said 1,160,000 Shares under Part XV of the SFO.
- (4) As at the date of this announcement, Li Baoqi, an executive Director, is entitled to options (granted under the Company's share option scheme) to subscribe for a maximum of 12,000,000 Shares upon exercise of the options in full.

INFORMATION OF THE GROUP

The Group is principally engaged in trading of coke, coke production and coal-related ancillary business and property holding.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any equity-fund raising activities in the past 12 months before the date of this announcement.

LISTING RULE IMPLICATIONS

As Mr. Wu is a non-executive Director and a substantial Shareholder, he is a connected person of the Company under Rule 14A.11(1) of the Listing Rules. The entering into of the Supplemental Deed and the transaction contemplated thereunder (including the Maturity Date Extension) constitutes a connected transaction of the Company under the Listing Rules.

As the issue of the Tranche 2 Bonds to Mr. Wu (and the amendments to be made to the terms and conditions of the Original Instrument) does not fall into any exemption under Rule 14A.31(3) of the Listing Rules, the entering into of the Supplemental Deed and the transactions contemplated thereunder (including the Maturity Date Extension) are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wu is beneficially interested in 657 million Shares (representing approximately 14.53% of the total issued share capital of the Company as at the date of this announcement). Under the Listing Rules, he is required to abstain from voting on the proposed resolution to approve the transaction contemplated by the Supplemental Deed and the Maturity Date Extension at the SGM. An independent board committee (“**IBC**”) whose members comprises all the independent non-executive Directors will be established to advise the Independent Shareholders on the terms of the Supplemental Deed and the transactions contemplated thereunder. An independent financial adviser (“**IFA**”) will also be appointed to advise the IBC and the Independent Shareholders in this regard.

It is expected that a circular containing, among other things, (i) further information on the Supplemental Deed and the proposed Maturity Date Extension; (ii) a letter from the IBC to the Independent Shareholders; (iii) a letter of advice from the IFA to the IBC and the Independent Shareholders in relation to the Supplemental Deed and the proposed Maturity Date Extension; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 21 August 2013 in accordance with the Listing Rules.

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

Hong Kong, 31 July 2013

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