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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)**

*website: <http://www.huscoke.com>*

### **INSIDE INFORMATION: ANNUAL COKE SALES AND PURCHASE**

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09 (1) of the Listing Rules.

The Board would announce that on 22 May 2013, the Company, Kailuan (an independent third party) and Mr. Wu Jixian (a substantial shareholder and non-executive Director) entered into an annual coke sale and purchase agreement (“**Agreement**”). Under the Agreement, the Company has agreed, among other terms, that the Company or its subsidiaries will supply 50,000 tonnes coke (subject to certain adjustment level) to Kailuan each month during the period from 24 May 2013 to 23 May 2014.

Under the Agreement, Kailuan has agreed to pay HK\$220 million to the Company as prepayment, and Mr. Wu has agreed to pledge in favour of Kailuan (i) 657 million shares of the Company and (ii) convertible bonds in the aggregate principal amount of HK\$582 million (which, if the convertible rights attaching thereto are exercised in full, will be convertible into 1,455 million shares of the Company), held by him.

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.

Moreover, in relation to the Agreement, Mr. Wu and Mr. Li made certain undertakings to Kailuan.

This announcement is made Huscoke Resources Holdings Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**” in this announcement) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09(1) of the Listing Rules.

On 22 May 2013, the Company, Kailuan (Hong Kong) International Co. Ltd. (“**Kailuan**”), and Mr. Wu Jixian (“**Mr. Wu**”, a substantial shareholder of the Company) entered into an annual coke sales and purchase agreement (“**Agreement**”). Kailuan is independent third party and not connected to the Group. The major terms in the Agreement are summarized 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.
- 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.

Moreover, in relation to the Agreement, Mr. Wu made the following undertaking to Kailuan:

- Except with the prior written consent of Kailuan, Mr. Wu shall not directly or indirectly create or permit the creation of any encumbrance over the pledged shares (in whole or in part), or grant or decide or agree to grant any option or other rights over the pledged shares to any person (other than pursuant to this deed);

- Except with the prior written consent of Kailuan, Mr. Wu shall not permit the transfer or otherwise disposal of the material assets (in whole or in part) held by Huscoke and/or other members of the group in which Huscoke is a member, or permit the creation of any encumbrance over such assets (in whole or in part) (other than that existed prior to the signing of this deed and disclosed to Kailuan);
- Except with the prior written consent of Kailuan, Mr. Wu shall not permit Huscoke or other members of the group in which Huscoke is a member to conduct any significant transaction or issue, or enter into any material contract;
- Mr. Wu shall not do or permit the doing of any act or omission that prejudices or lowers the value of the pledged shares; and

In relation to the Agreement, Mr. Li Baoqi (“**Mr. Li**”) made the following undertaking to Kailuan:

- Prior to the discharge of all Huscoke’s obligations under the Agreement and related sales and purchase contracts (including but not limited to indemnity and deposit return obligations under the Agreement), any further borrowings or debts of Huscoke and/or Ocean Signal Limited (Ocean Signal) with any bank shall obtain the prior written consent of Kailuan. Without the prior written consent of Kailuan, Huscoke and/or Ocean Signal shall not be entitled to dispose of the property (including but not limited to sell, transfer or create other encumbrance);
- After obtaining the written consent of Kailuan for the disposal of the property, the remaining part after repayment of the bank mortgage loan for the mortgage shall be used or retained for repayment of the amount due to Kailuan by Huscoke.

The Company plans to use part of the HK\$220 million prepayment for the full and finally settlement of the HK\$154 million 8 per cent. Senior Unsubordinated and Secured Convertible Bonds issued by the Company to Passion Giant Investment Limited which matures on 23 May 2013 and retain the remaining part as working capital of the Company.

Up to the date of this announcement, the Company has not yet received the prepayment yet.

The directors of the Company consider that it is in the commercial interest of the Group entering into the Agreement.

**Shareholders of the Company and public investors are urged to exercise caution when dealing in the Shares.**

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

Hong Kong, 23 May 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.*