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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**

This announcement is made by 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).

In connection with the Group’s coke-distribution business, starting from early January 2013, coke exports are no longer restricted by quota (which was the previous regulatory regime), but are regulated by a regime of export licenses. In addition, coke export duty charged at the rate of 40 percent in the past has also been abolished since early January 2013, as part of the PRC Governmental measures to meet the December 2012 deadline set by the World Trade Organization to remove export restrictions on industrial materials.

A PRC coke supplier (namely, Xiaoyi City Golden Rock Electricity Coal Chemical Company Limited (“**Golden Rock**”, which is a holder of capital in a non-wholly owned subsidiary of the Company)) and Huscoke International Group Limited (“**HIG**”, being a wholly-owned subsidiary of the Company incorporated in Hong Kong), entered into an export agency agreement that entitled HIG to have an exclusive right to handle the export business of coke for Golden Rock. The agreement was effective for three years from the agreement date of 1 January 2007.

On 1 July 2010, a modified export agency agreement was entered into between Golden Rock and HIG, in which Golden Rock agreed to continue to grant HIG the exclusive right to handle its export business of coke, and where the export quantity falls short of the export quota granted by the relevant PRC government authority, the difference would be supplied to HIG or its nominee for domestic sales in Mainland China. The modified export agency agreement is effective for three years from 1 July 2010, and will continue to be effective unless otherwise expressly revised by the contractual parties.

Through those export agency agreements, the Group indirectly enjoyed the coke-export quota system in the past and coke export transaction were made in 2007 and 2008 by the Group. However due to the 40 percent export duty (which represents additional costs to purchasers) imposed by the PRC Government in August 2008, the Group has not conducted coke export since then.

Following the abolition of the 40 percent export tax, it is expected that foreign customers will restart sourcing coke from the Group. However, revocation of the coke export quota system may induce open competition to such coke-export business. These changes are likely to affect the Group's operational and financial performance in the future, but we are still assessing the impact of these effects.

Moreover, as at 30 June 2012, the Group recorded "other intangible asset" of approximately HK\$269 million in relation to the export agency agreements mentioned above. Due to the abolition of the quota system, the value of this "other intangible asset" as at 31 December 2012 may be subject to impairment. The amount of the impairment charge (if any) will be determined after the Company performs a full examination of the matter, which will be disclosed in the final results announcement planned to be published before the end of March 2013.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 28 February 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.*