
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should immediately consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Huscoke Resources Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(incorporated in Bermuda with limited liability)

(stock code: 704)

**(1) SECOND AMENDMENT TO THE TERMS AND
CONDITIONS OF THE HK\$154 MILLION 2013 PGI BONDS;
(2) PROPOSED SPECIAL MANDATE TO ALLOT AND ISSUE
UP TO 1,540 MILLION SHARES IN RELATION TO
THE 2013 PGI BONDS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

The notice of the SGM of the Company to be held in Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 20 February 2012 at 2:30 p.m. is set out on pages 34 to 36 of this circular.

Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion of the proxy form and its return will not preclude you from attending, and voting at, the SGM if you so wish.

2 February 2012

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	6
Annexure	18
Appendix — General Information	29
Notice of SGM	34

DEFINITIONS

In this circular, unless otherwise indicated in the context, the following expressions have the following meanings:

“2013 Bonds”	collectively, the 2013 CSOP Bonds and 2013 PGI Bonds
“2013 CSOP Bonds”	an aggregate of HK\$38.5 million eight (8)% convertible bonds due 2013 issued by the Company to CSOP under the CSOP CB Subscription Agreement, the entirety of which was redeemed in November 2011
“2013 PGI Bonds”	an aggregate of HK\$154 million eight (8)% convertible bonds due 2013 issued by the Company to PGI under the PGI CB Subscription Agreement
“Announcement”	the announcement of the Company dated 30 December 2011 in relation to, among others, the entering into of the Second PGI Amendment Agreement and the execution of the Second PGI Supplemental Deed by the Company
“associate”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	PGI and (where the context so requires) CSOP, who together are referred to as the Bondholders
“Business Day”	any day (excluding a Saturday or a Sunday) on which licensed banks generally open for business in Hong Kong
“Bye-laws”	the bye-laws from time to time of the Company
“CCBIAM”	CCB International Asset Management Limited, a company incorporated in Hong Kong, is a wholly-owned subsidiary of CCB International (Holdings) Limited.
“CB Subscription Agreements”	collectively, the PGI CB Subscription Agreement and the CSOP CB Subscription Agreement
“Company”	Huscoke Resources Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange

DEFINITIONS

“Companies Act”	Companies Act 1981 of Bermuda, as may from time to time be amended
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended from time to time
“Consolidated PGI Bond Conditions”	the Original PGI Bond Conditions as amended by the First PGI Supplemental Deed
“Conversion Price”	the price at which Conversion Shares will be issued upon the exercise by the Bondholder of the conversion rights attaching to the 2013 Bonds
“Conversion Share”	new Shares which may fall to be allotted and issued by the Company upon conversion of the 2013 Bonds
“CSOP”	CSOP Asset Management Limited, a subsidiary of China Southern Fund Management Co. Limited
“CSOP CB Subscription Agreement”	the conditional subscription agreement dated 5 May 2010 entered into between the Company with CSOP in respect of the subscription of the 2013 CSOP Bonds
“Current Conversion Price”	the Conversion Price of HK\$0.30 per Conversion Share as provided under the Consolidated PGI Bond Conditions
“Directors”	the directors of the Company
“First PGI Supplemental Deed”	the deed poll dated 29 June 2011 and executed by the Company, pursuant to which the Original PGI Bond Conditions were amended
“Golden Rock”	孝義市金岩電力煤化工有限公司 (Xiaoyi City Golden Rock Electricity Coal Chemical Company Limited*)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“HK Property”	the real property at Room 4203-04, Far East Finance Center, Admiralty, Hong Kong held by Ocean Signal Limited, a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Last Trading Date”	30 December 2011, being the last trading day immediately prior to the date of the Company’s announcement dated 30 December 2011
“Latest Practicable Date”	30 January 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Market Price Pegged EoD”	an event of default under the Consolidated PGI Bond Conditions, further details of which are set out in the section of “Letter from the Board — Background” in this circular
“Maturity Date”	24 May 2013, being the date falling three years after the date of issue of the 2013 Bonds
“New PGI Bond Conditions”	the Consolidated PGI Bond Conditions to be amended by the Second PGI Supplemental Deed
“New Conversion Price”	the Conversion Price of HK\$0.22 per Conversion Share (subject to reset) to be proposed pursuant to the Second PGI Supplemental Deed
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the notice of the SGM
“Original Bond Conditions”	the original terms and conditions of the 2013 Bonds
“Original Conversion Price”	the original Conversion Price of HK\$0.55 per Conversion Share as provided under the Original PGI Bond Conditions

DEFINITIONS

“Original PGI Bond Conditions”	the original terms and conditions of the 2013 PGI Bonds, without being amended by the First PGI Supplemental Deed or the Second PGI Supplemental Deed
“PGI”	Passion Giant Investment Limited, a wholly owned subsidiary of CCBIAM, which is an investment holding company incorporated in the British Virgin Islands
“PGI CB Subscription Agreement”	the conditional subscription agreement dated 5 May 2010 entered into between the Company with PGI in respect of the subscription of the 2013 PGI Bonds
“Reset Conversion Price”	such Conversion Price as may be reset with effect from 31 December 2012 (which in any event will not be lower than the par value of a Conversion Share) details of which are set out in the section headed “Letter from the Board — The New PGI Bond Conditions — (c) Reset of Conversion Price” in this circular
“Second PGI Amendment Agreement”	the agreement entered into between the Company and PGI dated 30 December 2011 and in relation to the amendments to be made to the Consolidated PGI Bond Conditions
“Second PGI Supplemental Deed”	the deed poll dated 30 December 2011 and executed by the Company in relation to the amendments to be made to the Consolidated PGI Bond Conditions, further details of which are set out in the section headed “Letter from the Board — The New PGI Bond Conditions” in this circular
“Special Mandate”	the proposed mandate to be granted to the Directors at the SGM to issue and otherwise deal with up to 1,540 million Shares, being the total number of Conversion Shares which may be issued by the Company upon full exercise of the conversion rights attaching to the 2013 PGI Bonds at the New Conversion Price
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time

DEFINITIONS

“SGM”	the special general meeting of the Company to be held at Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 20 February 2012 at 2:30 p.m. convened to consider and, if thought fit, approve, among other things, the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the transactions contemplated thereby and the Special Mandate
“Shanxi Fengxi”	山西汾西正令煤業有限責任公司 (Shanxi Fengxi Zhengling Coal Industrial Co., Ltd.*)
“Shares”	shares of HK\$0.10 each of the Company (or such other nominal amount prevailing from time to time)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	a subsidiary (within the meaning of the Companies Ordinance or of the Companies Act) for the time being and from time to time of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission as amended from time to time
“WJX Convertible Bonds”	convertible bonds with an aggregate principal amount of HK\$582 million outstanding as at the Latest Practicable Date, which bonds bear no interest, have a maturity date of 31 October 2013, are convertible into Shares at the conversion price of HK\$0.40 per Share at any time after 31 October 2008 and provide no redemption right to its bondholder against the Company unless there is an event of default pursuant to the bond conditions contained therein
“%”	per cent

* *the unofficial English translation for identification purpose only*



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

Mr. Li Baoqi

Mr. Cheung Ka Fai

Non-Executive Director:

Mr. Wu Jixian

Independent non-executive Directors:

Mr. Lam Hoy Lee, Laurie

Mr. Lau Ka Ho

Mr. To Wing Tim, Paddy

Registered office:

Cannon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal place

of business in Hong Kong:

Room 4205

Far East Finance Center

16 Harcourt Road

Admiralty

Hong Kong

2 February 2012

To the Shareholders

Dear Sir or Madam,

**(1) SECOND AMENDMENT TO THE TERMS AND
CONDITIONS OF THE HK\$154 MILLION 2013 PGI BONDS;
(2) PROPOSED SPECIAL MANDATE TO ALLOT AND ISSUE
UP TO 1,540 MILLION SHARES IN RELATION TO
THE 2013 PGI BONDS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in which the Company announced that, among other matters, on 30 December 2011 the Company entered into the Second PGI Amendment Agreement with PGI and also executed the Second PGI Supplemental Deed in relation to the amendments to be made on the Consolidated PGI Bond Conditions.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to (i) the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the transactions contemplated thereby; (ii) the proposed Special Mandate; and (iii) the notice convening the SGM.

BACKGROUND

The CB Subscription Agreements were made by the Company with PGI and CSOP respectively, who agreed to subscribe for the 2013 PGI Bonds and the 2013 CSOP Bonds respectively. Completion of such subscription agreements took place on 24 May 2010, and the 2013 Bonds in the aggregate principal amounts of HK\$192.5 million were issued to the Bondholders.

Under the 2013 Bonds, a Bondholder is entitled (“Early Redemption Right”) to request for an early redemption of the entirety or any part of the principal amount of the 2013 Bonds by serving a notice of redemption in writing to the Company if an event of default occurs. One of the events of default as provided under the Original Bond Conditions is that the average 30 consecutive trading days’ closing price per Share is less than 70% of the Original Conversion Price. For the reasons as stated in the Company’s announcement dated 29 June 2011, the Original Conversion Price (of HK\$0.55 per Conversion Share) under the Original PGI Bond Conditions in respect of the 2013 PGI Bonds was agreed to be changed to the Current Conversion Price at HK\$0.30 per Conversion Share. The corresponding event of default as mentioned above has been changed under the Consolidated PGI Bond Conditions to the effect that the average 30 consecutive trading days’ closing price per Share is less than 70% of the Current Conversion Price (“Market Price Pegged EoD”).

The average 30 consecutive trading days’ closing price per Share as at 28 September 2011 was less than 70% of the Current Conversion Price (“Relevant Event”). The Company was therefore in discussion with PGI as to whether, upon the Relevant Event arising, it will exercise their rights to request for an early redemption of the 2013 PGI Bonds.

On 30 December 2011, PGI entered into the Second PGI Amendment Agreement pursuant to which it agreed on a conditional basis to refrain from exercising the Early Redemption Right for the period between 28 September 2011 and 29 February 2012, and sanctioned the modifications of the Consolidated PGI Bond Conditions as contemplated under the Second PGI Supplemental Deed in such form as annexed to the Second PGI Amendment Agreement. On the same date, the Company also executed the Second PGI Supplemental Deed. If the Second PGI Supplemental Deed becomes effective, the said Market Price Pegged EoD provision concerning under the Consolidated PGI Bond Conditions will be removed.

LETTER FROM THE BOARD

The Second PGI Supplemental Deed will be effective upon, among others, having obtained the Shareholders' approval of the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the transactions contemplated thereunder at the SGM. Under the Second PGI Supplemental Deed, the Current Conversion Price (being HK\$0.30 per Conversion Share) will be changed to the New Conversion Price of HK\$0.22 per Conversion Share, subject to adjustments as provided under the Consolidated PGI Bond Conditions in respect of the 2013 PGI Bonds, which details will be further explained below.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PGI and its ultimate beneficial owners is an independent third party and does not hold any position with the Company or its connected persons (as defined in the Listing Rules), except that it entered into the agreement for the subscription of the 2013 PGI Bonds (and the related supplemented agreements thereto) and is holder of the 2013 PGI Bonds.

THE NEW PGI BOND CONDITIONS

Under the Second PGI Supplemental Deed, the Consolidated PGI Bond Conditions will be amended in the following respects:

- (a) **Change in conversion price:** the Current Conversion Price (being HK\$0.30 per Conversion Share) is changed to HK\$0.22 per Conversion Share, subject to adjustments as provided under the Consolidated PGI Bond Conditions.
- (b) **Deletion of the Market Price Pegged EoD:** the deletion of the event that "if, at any time, the average 30 consecutive trading days' closing price per Share is less than 70 per cent. of the Conversion Price" from one of the events of default of the 2013 PGI Bonds.
- (c) **Reset of conversion price:** where the average closing price per Share ("Relevant Average Price") for the period of 30 consecutive trading days ending (and inclusive of) 31 December 2012 is less than the then New Conversion Price (i.e. HK\$0.22 per Share or such other amount as may be adjusted in accordance with the other conditions of the 2013 PGI Bonds), with effect from 31 December 2012, the New Conversion Price shall be adjusted to such amount (i.e. the Reset Conversion Price) as is equal to the Relevant Average Price. If however the Relevant Average Price is equal to or more than the then prevailing New Conversion Price, the above adjustment shall not be made.

LETTER FROM THE BOARD

Under Bermuda Law, a company may not issue shares for a consideration price less than the par value of such shares. Under the Consolidated PGI Bond Conditions, where the adjustment would result in the Conversion Price being reduced so that on Conversion Shares shall fall to be issued at a discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Share.

- (d) **Redemption of 2013 PGI Bonds in the principal amount of not more than HK\$50 million on or before 30 June 2012:** the Bondholder may (at its sole option) request, by serving a redemption notice, requiring the Company to redeem the 2013 PGI Bonds in the aggregate principal amounts not more than HK\$50 million by no later than 30 June 2012. The redemption right of the Bondholder under this condition shall be in addition to the redemption right under the condition stated in paragraph (f) below. Should the Bondholder decide to exercise the redemption right under this condition, the redemption threshold under the condition stated in paragraph (f) below shall be adjusted upward. The amount payable by the Company for redeeming the relevant 2013 PGI Bonds shall be calculated in accordance with the formula as set out in the condition stated in paragraph (f) below. The Company shall, upon giving of a redemption notice under this condition by the Bondholder, cause the relevant 2013 PGI Bonds to be redeemed as soon as practicable and in any event no later than 30 June 2012.
- (e) **Redemption of 2013 PGI Bonds upon the non-issuance of the business licence of an acquisition target company:** in the event that the business licence of Shanxi Fengxi has not been issued on or before 31 December 2012, the Bondholder shall, at any time on or after 1 January 2013, have the right at such holder's option to require the Company to repurchase all (or any portion of the principal amount thereof which is HK\$1,100,000 or any integral multiple thereof) of such holder's Bonds. Shanxi Fengxi is a company which is in the process of being established in the PRC and part of whose registered capital is the subject matter of a priority purchase right which was agreed to be given by Golden Rock (being one of the shareholders of Shanxi Fengxi) to the Company under the non-binding memorandum of understanding dated 22 August 2010 (as supplemented and amended from time to time) and as mentioned in the Company's announcement (among other announcements) dated 23 August 2010.

In the event of redemption of any certificate constituting the 2013 PGI Bonds held by a Bondholder under this condition, the Company shall, in addition to the interest and principal amount of the 2013 PGI Bonds, pay such amount in Hong Kong dollars to the Bondholder so that the total amount to be paid to the Bondholder in respect of the relevant redemption amount shall be equal to a rate of return of 18 per cent. per annum (inclusive of the interest payment made) as at the date of such payment.

LETTER FROM THE BOARD

- (f) **Adjustment to the redemption price formula regarding early redemption request given by the Bondholder:** under the Consolidated PGI Bond Conditions, at any time during the three years commencing from (and including) the issue date of the 2013 PGI Bonds and including the Maturity Date, a holder of the 2013 PGI Bonds shall be entitled to serve a redemption notice, requiring the Company to redeem (which redemption shall take place within 90 days of the redemption notice) not more than one third (1/3) of the aggregate principal amount of the 2013 PGI Bonds such that the amount payable by the Company for redeeming the relevant Bonds shall be calculated in accordance with a prescribed formula. The relevant figures as contained in such formula are proposed to be changed as follows:

$$\text{Redemption price} = \{\text{Face value of the principal amount of the relevant 2013 PGI Bonds}\} \div (0.22) \times (0.204)$$

- (g) **Change in interest rate:** the interest rate of the 2013 PGI Bonds is changed from 8 per cent. per annum to 12 per cent. per annum.
- (h) **Denomination of the 2013 PGI Bonds:** any conversion shall be made in amounts of not less than a whole multiple of HK\$1.1 million (instead of HK\$1.2 million as provided under the Consolidated PGI Bond Conditions) and no fraction of a Share shall be issued on conversion.
- (i) **Negative covenant regarding sale or charging of a Hong Kong property held by the Group:** the Company will covenant that so long as any 2013 PGI Bonds remains outstanding, the Company shall procure that without the prior consent being given by the Bondholders by way of the passing of an ordinary resolution at a meeting of Bondholders, Ocean Signal Limited (a wholly-owned subsidiary of the Company which is the beneficial owner and registered holder of the HK Property) will not create or permit to subsist, any mortgage, charge, pledge, lien or other security interest (“Security”) upon the whole or any part of HK Property, unless the creation of the Security over HK Property is for the sole purpose of renewing a loan or obtaining a new financing with any financial institution with the aggregate principal amount secured thereby not exceeding HK\$78,000,000.
- (j) **Giving of additional security by Mr. Wu Jixian (“Mr. Wu”):** one of the collaterals currently given as security to the 2013 PGI Bonds is the pledge by Mr. Wu (a non-executive Director and a substantial Shareholder) of certain convertible zero coupon bonds due 2013 issued by the Company and having a total aggregate outstanding principal amounts of not less than HK\$462 million (“Old Bond Pledge”). On top of the Old Bond Pledge, it is proposed that Mr. Wu shall give an additional pledge of the zero coupon Bonds due 2013 with a principal amount of HK\$120 million (“New Bond Pledge”).

LETTER FROM THE BOARD

The Second PGI Supplemental Deed is supplemental to the Consolidated PGI Bond Conditions and, save as expressly amended in the manner as mentioned above, all the provisions of the Consolidated PGI Bond Conditions shall remain in full force and effect. Shareholders and other investors or potential investors are advised to refer to the annexure to this circular and the Company's announcements dated 6 May 2010 and 29 June 2011 respectively for a summary of the principal terms of the Original Bond Conditions and the amendments thereto by the First PGI Supplemental Deed.

The New Conversion Price represents (i) a premium of approximately 38.36% over the closing price of HK\$0.159 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 37.50% over the average closing price of approximately HK\$0.16 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; (iii) a premium of approximately 30.18% over the average closing price of approximately HK\$0.169 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and (iv) a premium of approximately 58.27% over the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

CONDITIONS PRECEDENT TO THE SECOND PGI SUPPLEMENTAL DEED

The Second PGI Supplemental Deed shall become effective upon and only upon (i) the Shareholders' approval at the SGM of the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the transactions contemplated thereunder being obtained, (ii) the due execution of the New Bond Pledge and (iii) the Stock Exchange giving its 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 2013 PGI Bonds at the New Conversion Price (subject to reset).

If the above conditions precedent are not fulfilled on or before 29 February 2012, the Company is required to give immediate notice in writing to PGI, and the agreement by PGI to refrain from exercising the Early Redemption Right will forthwith cease and terminate.

For the avoidance of doubt, upon the above conditions precedent being fulfilled, PGI shall no longer be entitled to exercise the Early Redemption Right arising from or in connection with (i) the Relevant Event or (ii) the average closing price being below 70% of the Original Conversion Price at any time during the period from 28 September 2011 and up to the date of fulfillment of the above conditions.

LETTER FROM THE BOARD

REASONS FOR ENTERING INTO THE SECOND PGI AMENDMENT AGREEMENT AND THE SECOND PGI SUPPLEMENTAL DEED

The Second PGI Supplemental Deed is made in consideration of PGI agreeing to refrain from exercising the Early Redemption Right. There will not be any new proceeds to be raised from the Second PGI Supplemental Deed.

If the Second PGI Supplemental Deed is not entered into, PGI will be entitled, by notice, to exercise the Early Redemption Right. Had such request been made, the Company would have been required to repay the aggregate principal amounts in the sum of HK\$154 million, plus outstanding interest accrued thereon and such additional amount which is equal to the difference of (x) 25% per annum multiplied by the aggregate principal amount of the 2013 PGI Bonds, and (y) the sum of the aggregate principal amount of the 2013 PGI Bonds and the interest accrued thereon. If the conditions precedent to the Second PGI Supplemental Deed are not fulfilled on or before 29 February 2012 and thus the Second PGI Supplemental Deed does not become effective, assuming that PGI will then exercise the Early Redemption Right on 29 February 2012, the total amount of repayment and payment of the 2013 PGI Bonds comprising the principal and the interest accrued thereon up to 31 May 2012 (being the date not later than 90 days from the date of the redemption notice as required under the Consolidated PGI Bond Conditions) will be approximately HK\$224 million, amongst which the interest payable is approximately HK\$70 million. In such case, considering the amount of current available working capital of the Company, the Company would have to resort to other financing methods, such as bank loans but at an expectedly high interest rate, in order to settle the repayment and payment of the principal and the interest of the 2013 PGI Bonds. The mandatory repayment and payment of the above amounts would have affected the cashflow and financial position of the Group, as well as adversely affect the business operations of the Group.

Accordingly, the Directors believe that it is in the Company's interest to execute the Second PGI Supplemental Deed.

Taking into account the previous consultation made by the Company with professional valuer and professional accountants in connection with the First PGI Supplemental Deed (see the Company's announcement dated 26 August 2011 on the Group's interim results for the six months ended 30 June 2011), the Company is of the preliminary view that the execution of the Second PGI Supplemental Deed will not have any material impact on the financial statements of the Group. If there is any change in such position, the Company will make an announcement in due course, or otherwise the Company will make an appropriate disclosure in its annual report for the year ended 31 December 2011.

LETTER FROM THE BOARD

IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE CONVERSION OF THE 2013 PGI BONDS

As at the Latest Practicable Date, there were a total of 4,522,926,292 Shares in issue. In addition, there were certain outstanding share options, which were held by directors and/or employees of the Group, upon exercise thereof a total of 47,500,000 Shares may be issued, which options were granted pursuant to the share option schemes of the Company, which is subject to Chapter 17 of the Listing Rules. Other than the WJX Convertible Bonds and the share options granted under the share option scheme of the Company which is subject to Chapter 17 of the Listing Rules, there were no outstanding convertible securities of the Company as at the Latest Practicable Date.

In November 2011, all the 2013 Bonds held by CSOP were redeemed by the Company.

If the conversion rights attached to the 2013 PGI Bonds are exercised in full at the New Conversion Price (assuming no occurrence of any event upon which the New Conversion Price shall be adjusted), PGI will become interested in 700 million Shares by the acquisition of 700 million Conversion Shares through the exercise of the conversion rights attached to the 2013 PGI Bonds, representing about 13.40% of the Company's issued share capital as enlarged by the issue of relevant number of the Conversion Shares. Detailed provisions to adjustment of the Conversion Price are set out in Company's announcements dated 6 May 2010 and 29 June 2011, in addition to the amendment on the relevant condition as set out in paragraph (d) of the section headed "The New PGI Bond Conditions" above.

The following table summarises (i) the Company's existing shareholding structure, (ii) the shareholding structure assuming and immediately after issue of Shares to PGI pursuant to its exercise of the conversion rights attached to the 2013 PGI Bonds in full (based on the existing shareholding structure) at the New Conversion Price, and (iii) the shareholding structure assuming and immediately after issue of Shares to PGI pursuant to its exercise of the conversion rights attached to the 2013 PGI Bonds in full (based on the existing shareholding structure) at the New Conversion Price of HK\$0.22 per Conversion Share and the issue of Shares to Mr. Wu pursuant to his exercise of the conversion rights attached to the WJX Convertible Bonds in full.

LETTER FROM THE BOARD

	Existing shareholdings		Assuming full conversion of the 2013 PGI Bonds at the New Conversion Price and assuming the WJX Convertible Bonds are not converted at all		Assuming full conversion of the 2013 PGI Bonds at the New Conversion Price and the WJX Convertible Bonds	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors:						
Gao Jianguo (Note 1)	22,612,000	0.50	22,612,000	0.43	22,612,000	0.35
Mr. Wu (Note 2)	657,000,000	14.53	657,000,000	12.58	1,956,000,000 (Note 4)	29.99 (Note 4)
To Wing Tim, Paddy (Note 3)	1,160,000	0.03	1,160,000	0.02	1,160,000	0.02
Bondholder:						
PGI	—	—	700,000,000	13.40	700,000,000	10.73
Other public						
Shareholders:	<u>3,842,154,292</u>	<u>84.94</u>	<u>3,842,154,292</u>	<u>73.57</u>	<u>3,842,154,292</u>	<u>58.91</u>
Total:	<u><u>4,522,926,292</u></u>	<u><u>100.00</u></u>	<u><u>5,222,926,292</u></u>	<u><u>100.00</u></u>	<u><u>6,521,926,292</u></u>	<u><u>100.00</u></u>

Assuming that the par value of each Share will remain to be HK\$0.10 up to 31 December 2012 and that the Relevant Average Price for the period of 30 consecutive trading days ending (and inclusive of) 31 December 2012 is less than the then New Conversion Price, the lowest Reset Conversion Price will be equal to HK\$0.10 (i.e. par value of each Share). If the conversion rights attached to the 2013 PGI Bonds are exercised in full at the lowest Reset Conversion Price (assuming no occurrence of any event upon which the New Conversion Price shall be adjusted), PGI will become interested in 1,540 million Shares by the acquisition of 1,540 million Conversion Shares through the exercise of the conversion rights attached to the 2013 PGI Bonds, representing about 25.40% of the Company's issued share capital as enlarged by the issue of relevant number of the Conversion Shares. The following table summarises (i) the Company's existing shareholding structure, (ii) the shareholding structure assuming and immediately after issue of Shares to PGI pursuant to its exercise of the conversion rights attached to the 2013 PGI Bonds in full (based on the existing shareholding structure) at the said lowest Reset Conversion Price, and (iii) the shareholding structure assuming and immediately after issue of Shares to PGI pursuant to its exercise of the conversion rights attached to the 2013 PGI Bonds in full (based on the existing shareholding structure) at the lowest Reset Conversion Price and the issue of Shares to Mr. Wu pursuant to his exercise of the conversion rights attached to the WJX Convertible Bonds in full.

LETTER FROM THE BOARD

	Existing shareholdings		Assuming full conversion of the 2013 PGI Bonds at the New Conversion Price and assuming the WJX Convertible Bonds are not converted at all		Assuming full conversion of the 2013 PGI Bonds at the New Conversion Price and the WJX Convertible Bonds	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Directors:						
Gao Jianguo (<i>Note 1</i>)	22,612,000	0.50	22,612,000	0.37	22,612,000	0.30
Mr. Wu (<i>Note 2</i>)	657,000,000	14.53	657,000,000	10.84	2,112,000,000 (<i>Note 4</i>)	28.09 (<i>Note 4</i>)
To Wing Tim, Paddy (<i>Note 3</i>)	1,160,000	0.03	1,160,000	0.02	1,160,000	0.02
Bondholder:						
PGI	—	—	1,540,000,000	25.40	1,540,000,000	20.48
Other public						
Shareholders:	<u>3,842,154,292</u>	<u>84.94</u>	<u>3,842,154,292</u>	<u>63.37</u>	<u>3,842,154,292</u>	<u>51.11</u>
Total:	<u><u>4,522,926,292</u></u>	<u><u>100.00</u></u>	<u><u>6,062,926,292</u></u>	<u><u>100.00</u></u>	<u><u>7,517,926,292</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Gao is an executive Director and the Chairman of the Company. These Shares do not take into account the subscription right attaching to the options granted by the Company to Mr. Gao to subscribe for up to 3,000,000 new Shares under the share options granted on 5 January 2012 and offered by the Company to Mr. Gao as disclosed in the Company's announcement dated 5 January 2012.
2. Mr. Wu is a substantial Shareholder and also a non-executive Director. These Shares do not take into account any Shares which may fall to be allotted and issued upon exercise of the conversion right attaching to the WJX Convertible Bonds and the subscription right attaching to the options granted by the Company to Mr. Wu to subscribe for (i) up to 1,800,000 new Shares under the share options granted on 27 February 2009 and offered by the Company to Mr. Wu as disclosed in the Company's announcement dated 27 February 2009; and (ii) up to 3,600,000 new Shares under the share options granted on 11 January 2010 and offered by the Company to Mr. Wu as disclosed in the Company's announcement dated 11 January 2010 and (iii) up to 6,000,000 new shares under the share options granted on 27 January 2011 and offered by the Company to Mr. Wu as disclosed in the Company's announcement dated 27 January 2011. As at the Latest Practicable Date, the outstanding options entitled Mr. Wu to subscribe for up to 11,400,000 new Shares.
3. Among these Shares in which 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. Tao is deemed interested in such 1,160,000 Shares as well under the SFO.

LETTER FROM THE BOARD

4. These columns are shown for illustrative purpose only. Mr. Wu shall not exercise any right to convert the WJX Convertible Bonds into new conversion shares to the extent that following such exercise, Mr. Wu and parties acting in concert with him, taken together, will directly or indirectly, control or be interested in 30% or more of the entire issued Shares or in such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer of the Listing Rules and as required by the Stock Exchange.

So far as the Directors are aware, the Company has, up to the Latest Practicable Date, been at all times in compliance with the public float requirement.

APPLICATION FOR LISTING

No application will be made for the listing of, or permission to deal in, the 2013 PGI 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 at the New Conversion Price which may fall to be issued pursuant to the 2013 PGI Bonds.

SPECIAL MANDATE

A general mandate to issue up to 904,585,258 new Shares was given by Shareholders to the Directors at the Company's annual general meeting held on 1 June 2011. In connection with the First PGI Supplemental Deed, as mentioned in the Company's announcement dated 29 June 2011, application for listing of up to 513,333,333 Conversion Shares upon the exercise of the conversion rights attaching to the 2013 PGI Bonds at the Current Conversion Price was used under the general mandate. Save for such application, the Directors have not, prior to the date of the Second PGI Supplemental Deed, exercised any of their powers conferred by such general mandate.

Accordingly, the new Shares to be allotted and issued upon the exercise of the conversion rights attaching to the 2013 PGI Bonds and at the New Conversion Price will be issued under a special mandate to be sought from Shareholders at the SGM to be held.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the past 12 months before the Latest Practicable Date.

INFORMATION ON PGI

PGI, a wholly owned subsidiary of CCB International Asset Management Limited is an investment holding company incorporated in the British Virgin Islands. CCB International

LETTER FROM THE BOARD

Asset Management Limited, a company incorporated in Hong Kong, is a wholly-owned subsidiary of CCB International (Holdings) Limited. The ultimate beneficial owner of CCBIAM is China Construction Bank Corporation, a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 939) and the Shanghai Stock Exchange (Stock Code: 601939). CCBIAM has invested in a number of pre-IPO projects in PRC and Hong Kong as well as Hong Kong listed companies, covering such sectors as healthcare, energy and resources, infrastructure, consumer product, media and real estate.

INFORMATION ON THE GROUP

The Company is an investment holding company. The principal activities of the Group are manufacturing and trading of coke, coal-washing, generation of electric power and heat and other coal-related ancillary businesses.

SGM

The Company will convene the SGM to be held in Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 20 February 2012 at 2:30 p.m. to consider and, if thought fit, approve, among other things, the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the transactions contemplated thereby and the Special Mandate. A notice of the SGM is set out on pages 32 to 34 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event, so as to be received not less than 48 hours before the time appointed for the holding of the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the SGM if you so wish.

RECOMMENDATION

The Directors believe that the proposed resolutions set out in the notice of the SGM are in the best interests of the Company and its Shareholders and so recommend you to vote in favour of the resolutions at the SGM.

Yours faithfully,
By order of the Board
HUSCOKE RESOURCES HOLDINGS LIMITED
Li Baoqi
Executive Director

ANNEXURE

ANNEXURE — PRINCIPAL TERMS OF THE 2013 PGI BONDS (AS AMENDED BY THE FIRST PGI SUPPLEMENTAL DEED)

The principal terms of the 2013 PGI Bonds as amended by the First PGI Supplemental Deed are summarised below:

- Principal amount : HK\$154 million
- Interest : eight (8) per cent. per annum payable by the Company on the last Business Day before expiry of every six months since the signing of the PGI CB Subscription Agreement on 5 May 2010 and thereafter and on the Maturity Date
- Maturity Date : 24 May 2013, being the third anniversary of the date of issue of the 2013 PGI Bonds
- Conversion Period : The 2013 PGI Bonds are convertible in whole or in part into new Shares at any time from the day immediately following the date of issue of the 2013 PGI Bonds (being 24 May 2010) up to 4:00 p.m. on the Maturity Date at the Conversion Price, subject to and upon compliance with, the provisions of the terms and conditions of the 2013 PGI Bonds and provided that any conversion of the 2013 PGI Bonds does not trigger off a mandatory offer under Rules 26 of the Takeovers Code on the part of the holders of the 2013 PGI Bonds which exercise the conversion right attaching to the 2013 PGI Bonds and will not cause any shortfall in the public float of the Company so that it is unable to meet the requirement of a minimum float under the Listing Rules.

As amended by the First PGI Supplemental Deed, any conversion shall be made in amounts of not less than a whole multiple of HK\$1.2 million and no fraction of a Share shall be issued on conversion.

ANNEXURE

Conversion Price : As amended by the First PGI Supplemental Deed, the Current Conversion Price is HK\$0.30 per Share (subject to adjustment for anti-dilution events as mentioned below), at which each Conversion Share shall be issued upon exercise of the conversion right.

The Conversion Price will be adjusted in the event of an alteration of the capital restructure of the Company or upon the occurrence of certain adjustment events. These adjustment events include consolidation or sub-division, capitalization of profits or reserves, capital distribution, rights issue (whether in relation to Shares, options, warrants or other rights to subscribe for or purchase any Shares), issue of Shares or grant of options, warrants or other rights to subscribe for or purchase any Shares (or other securities carrying rights to convert into or exchange for Shares) at less than 90% of the then current market price, modification of rights attached to securities carrying rights to convert into or exchange for Shares so that following such modification the consideration per Share receivable by the Company is less than the then current market price by 80%, the issue of Shares wholly for cash at a price per Share which is less than 80% of the then current market price, the issue of Shares for the acquisition of asset at a consideration (without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof) per Share which is less than 80% the then current market price and offers of securities exchange. The PGI CB Subscription Agreement contains provisions concerning adjustment to the Conversion Price in respect of events which have a diluting effect on the issued share capital of the Company. Where any such event occurs, the Conversion Price may be subject to the adjustment in accordance with the provisions of the PGI CB Subscription Agreement, with a key objective that any dilution effect on the value of the 2013 PGI Bonds arising from such events will be neutralized.

ANNEXURE

- Conversion Shares : The Conversion Shares will be issued free from any encumbrances or third party rights of any kind and will rank pari passu in all respects with the then existing issued Shares together with all rights to dividends and other distributions declared, made or paid on or after the date of the exercise of the conversion right attaching to the 2013 PGI Bonds.
- Final redemption and repayment : Unless previously redeemed or converted or purchased and cancelled as provided in the PGI CB Subscription Agreement, the Company is obliged to make any redemption, in cash, of the outstanding principal amount of the 2013 PGI Bonds and the accrued and unpaid interest on the Maturity Date, together with such additional amount as premium such that the interest plus the said additional amount will be equivalent to a rate of return of 18% per annum.
- Purchase of the 2013 PGI Bonds : The Group may at any time and from time to time before the Maturity Date elect to purchase the 2013 PGI Bonds from the holder(s) thereof at any price as agreed between them.
- The holder(s) of the 2013 PGI Bonds shall not have any rights to request for the redemption of the whole or any part of the 2013 Bonds before the Maturity Date (save under circumstances set out in paragraphs headed “Early partial redemption of the 2013 Bonds at the request of a Bondholder” in the announcement dated 6 May 2010 of the Company and “Early redemption” respectively below).
- Early partial redemption of the 2013 PGI Bonds at the request of a Bondholder : At any time during the three years commencing from (and including) the issue date of the 2013 PGI Bonds (being 24 May 2010) and including the Maturity Date, a holder of the PGI Bonds shall be entitled to serve a redemption notice, requiring the Company to redeem not more than one third of the aggregate principal amount of the 2013 PGI Bonds such that the amount payable by the Company for redeeming the relevant 2013 PGI Bonds shall be calculated in accordance with the following formula (as amended by the First PGI Supplemental Deed):

ANNEXURE

Redemption price = {Face value of the principal amount of the relevant 2013 Bonds} ÷ (0.30) x (0.278)

The Company shall upon giving of a redemption notice by PGI, shall cause the Bonds to be redeemed as soon as practicable and in any event not later than within 90 days of the redemption notice.

Early redemption : Without prejudice to other rights of the Bondholder may have under the 2013 PGI Bonds, the Bondholder is, at the occurrence of:

- (i) Mr. Wu together with his concert parties (as defined in the Takeovers Code) cease to be the single largest Shareholder; or
- (ii) Mr. Wu ceases to be a member of the Board; or
- (iii) an event of default (see below);

in its absolute discretion, at liberty to:

- (a) request the Company to redeem the entire or any part of the principal amount of 2013 PGI Bonds at the time of redemption by serving a notice of redemption in writing to the Company, together with the certificate(s) evidencing the 2013 PGI Bonds to be redeemed not later than 90 days prior to the date of the above redemption notice, and on which day the Company shall unconditionally pay or procure payment to or to the order of the holder(s) of the 2013 PGI Bonds the principal amount of the 2013 PGI Bonds and interest accrued thereon (without set-off) becoming due for redemption together with any applicable premium; and/or
- (b) exercise the conversion right and convert the entire or any part of the principal amount of 2013 PGI Bonds at the time of conversion by serving the conversion notice to the Company.

ANNEXURE

- Cancellation of the 2013 PGI Bonds : All 2013 PGI Bonds which are redeemed or purchased by the Group, or which are converted into Shares by holder(s) of the 2013 PGI Bonds, will forthwith be cancelled and such 2013 PGI Bonds may not be reissued or resold.
- Voting : The Bondholder shall not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of his being a Bondholder.
- Transferability : The 2013 PGI Bonds may not be assigned or transferred in whole or in part to any third party without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed).
- Events of default : If any event of default occurs, the bondholder of the 2013 PGI Bonds is entitled to require the Company to redeem the outstanding 2013 PGI Bonds, in cash. Upon any such notice being given to the Company, the 2013 PGI Bonds will immediately become due and repayable at their principal amount together with (i) all outstanding interest accrued thereon and (ii) such additional amount, which is equal to the difference of (x) 25% per annum multiplied by the aggregate principal amount of the 2013 PGI Bonds, and (y) the sum of the aggregate principal amount of the 2013 PGI Bonds and all interest accrued thereon. Full payment of all amounts payable shall be made in accordance with the provisions of the PGI CB Subscription Agreement. For details of the events of default under the 2013 PGI Bonds, please refer to the annexure to the announcement of the Company dated 6 May 2010.

ANNEXURE

- Collaterals : The obligations of the Company under the 2013 PGI Bonds to be issued to PGI will be secured by the following collaterals:
- (a) the charge of shares to be entered into between the Company, Rich Key Enterprises Limited (a direct wholly owned subsidiary of the Company) and PGI in relation to the charge over the entire issued share capital of Rich Key Enterprises Limited held by the Company;
 - (b) the charge of shares to be entered into between Rich Key Enterprises Limited, Joy Wisdom International Limited (an indirect wholly owned subsidiary of the Company) and PGI in relation to the charge over the entire issued share capital of Joy Wisdom International Limited held by Rich Key Enterprises Limited;
 - (c) the charge of shares to be entered into between Joy Wisdom International Limited, Huscoke International Investment Limited and PGI in relation to the charge over the entire issued share capital of Huscoke International Investment Limited held by Joy Wisdom International Limited; and
 - (d) the Old Bond Pledge by Mr. Wu, of HK\$462 million zero coupon bonds due 2013 issued by the Company to Mr. Wu under the acquisition agreement dated 11 January 2008 in connection with the acquisition, brief details of which are set out in the Company's circular dated 20 March 2008.

The above collaterals will be released (1) upon full and final payment and performance of all obligations of the Company under the terms and conditions of the 2013 PGI Bonds; (2) if, and only to the extent that, the shares charged to secure the 2013 PGI Bonds are sold with the consent of the holder(s) of the 2013 PGI Bonds; or (3) upon satisfaction and discharge of the 2013 PGI Bonds.

ANNEXURE

- List of events of default : Any Bondholder may give notice to the Company that the 2013 Bonds and all outstanding interest accrued thereon are immediately due and repayable if:
- (i) **Payment default:** a default is made in the payment of the principal, interest or premium (if any), in respect of any of the 2013 Bonds when and as the same ought to be paid in accordance with the Consolidated PGI Bond Conditions; or
 - (ii) **Other default:** a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the Conditions or in the 2013 Bonds and on its part to be performed or observed (other than the covenant to pay the principal, interest, premium (if any) in respect of any of the 2013 Bonds) and such default continues for the period of 14 days next following the service by any Bondholder on the Company of notice specifying brief details of such default and requiring such default to be remedied; or
 - (iii) **Cross default:** any other present or future indebtedness of the Company or any Major Subsidiary (as defined under Rule 13.25 of the Listing Rules) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of an event of default (however called) or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period originally provided for or the Company or any Major Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness or amount payable in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds HK\$40,000,000 (or its equivalent in another currency); or

ANNEXURE

- (iv) ***Dissolution of the Company and Disposals:*** a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all or substantially all of its assets, otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by the Bondholder and/or than for any disposal which has previously been approved in writing by the Bondholders, such approval should not be unreasonably withheld or delayed; or
- (v) ***Dissolution of a Major Subsidiary and Disposals:*** a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any Major Subsidiary or a Major Subsidiary disposes of all or substantially all of its assets except, in any such case:
- (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any other Subsidiary; or
 - (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation (other than as described in subparagraph (a) above) the terms of which shall have previously been approved in writing by the Bondholder; or
 - (c) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any other Subsidiary are distributed to the Company and/or any such other Subsidiary; or

ANNEXURE

- (d) in the case of a disposal of all or substantially all of a Major Subsidiary's assets, where those assets will following such disposal be vested in the Company or another Subsidiary; or
- (e) for any disposal which has previously been approved in writing by the Bondholder, such approval should not be unreasonably withheld or delayed; or
- (vi) **Encumbrances:** an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company or any Major Subsidiary; or
- (vii) **Distress etc.:** a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Company or any Major Subsidiary and is not discharged within 7 days thereof; or
- (viii) **Bankruptcy:** the Company or any Major Subsidiary is unable to pay its debts as and when they fall due or the Company or any Major Subsidiary shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors (save, in the case of a Subsidiary, in the circumstances set out in subparagraphs (v)(a) to (d) (inclusive) above); or
- (ix) **Bankruptcy proceedings:** proceedings shall have been initiated against the Company or any Major Subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 21 days;

ANNEXURE

- (x) **Termination of the Acquisition Agreement:** termination or non-completion for whatever reason of the Acquisition Agreement;
- (xi) **Net Assets:** the net assets of the Company based on the audited consolidated financial statements for the most recent financial year or the audited consolidated management account of the most recent quarter are less than HK\$1.5 billion; or
- (xii) **Asset ratio:** the ratio of the total assets of the Company to the net assets of the Company exceeds two (2), where such total assets and net assets are extracted from the Company's audited consolidated financial statements for the most recent financial year or the audited consolidated management account of the most recent quarter; or
- (xiii) **Net Assets of GRG Huscoke:** the net assets of GRG Huscoke falls below RMB400,000,000, applying the PRC generally accepted accounting principles;
- (xiv) **New Fund Raising Activities:** the Company issues any new bond or otherwise raises new funds on terms and conditions that are, in the view of the Bondholder, more favourable than the terms and conditions hereof, other than the raising of capital pursuant to an issue of the 2013 Bonds as contemplated by the other CB Subscription Agreement; or
- (xv) **Shareholder's loan and dividend:** any of (i) Rich Key Enterprises Limited, (ii) Joy Wisdom International Limited or (iii) Huscoke International Investment Limited or (iv) GRG Huscoke repays part or all of any loan advanced or to be advanced by any shareholder of the Company to the Company or any of its subsidiaries, provided that any dividend distribution or loan repayment approved by the Bondholder is not included in this item (xv);

ANNEXURE

- (xvi) ***Diminution of Share Price:*** if, at any time, the average 30 consecutive trading days' closing price per Share is less than 70% of the Conversion Price (Note); or
- (xvii) ***Analogous events:*** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in items (vii) to (xv) (inclusive) above.

- Note:*
- (i) The event of default set out on item (xvi) is proposed to be deleted under the New PGI Bond Conditions.
 - (ii) Please refer to the section headed "Letter from the Board — The New PGI Bond Conditions" of this circular for the proposed amendments to the Consolidated PGI Bond Conditions.

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. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company are as follows:

Authorised:

	<i>Shares</i>	<i>HK\$</i>
20,000,000,000 ordinary shares of HK\$0.10 each		2,000,000,000.00

Issued and fully paid:

	<i>Shares</i>	<i>HK\$</i>
4,522,926,292 ordinary shares of HK\$0.10 each		452,292,629.20

All the existing issued Shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

3. DISCLOSURE OF INTERESTS**(a) Directors' and chief executive's interests in the Company**

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 or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 were taken

or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required 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	<i>Note</i>	Number of Shares held	Percentage of the Company's existing issued share capital (%)
Mr. Wu	<i>(a)</i>	657,000,000	14.53
Gao Jianguo	<i>(b)</i>	22,612,000	0.50
To Wing Tim Paddy	<i>(c)</i>	1,160,000	0.03

Long positions in the underlying Shares

Name of Director	<i>Note</i>	Number of Shares held	Percentage of the Company's existing issued share capital (%)
Mr. Wu	<i>(a)</i>	1,466,400,000	32.42
Gao Jianguo	<i>(b)</i>	3,000,000	0.07
Li Baoqi	<i>(d)</i>	12,000,000	0.27
Cheung Ka Fai	<i>(e)</i>	9,600,000	0.21

Short positions in the underlying Shares

Name of Director	Note	Number of Shares held	Percentage of the Company's existing issued share capital (%)
Mr. Wu	(a)	1,155,000,000	25.54

Note:

- (a) Mr. Wu is a substantial Shareholder and also a non-executive Director. As at the Latest Practicable Date, he was interested in convertible bonds in the aggregate principal amount of HK\$582,000,000, which might, upon conversion, be convertible into 1,455,000,000 Shares. Mr. Wu was also entitled to share options to subscribe for a maximum of 11,400,000 Shares upon exercise of the options in full. As a security for the 2013 PGI Bonds, Mr. Wu has pledged his interests in convertible bonds in the aggregate principal amount of HK\$462,000,000, which might, upon conversion, be convertible into 1,155,000,000 Shares to the bondholders of the 2013 PGI Bonds.
- (b) As at the Latest Practicable Date, Mr. Gao is an executive Director and the Chairman of the Company, was beneficially owned 22,612,000 Shares and was entitled to share options to subscribe for a maximum of 3,000,000 Shares upon exercise of the options in full.
- (c) Among these Shares in which 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. Tao is deemed interested in such 1,160,000 Shares as well under the SFO.
- (d) As at the Latest Practicable Date, Mr. Li Baoqi, an executive Director was entitled to share options to subscribe for a maximum of 12,000,000 Shares upon exercise of the options in full.
- (e) As at the Latest Practicable Date, Mr. Cheung Ka Fai, an executive Director was entitled to share options to subscribe for a maximum of 9,600,000 Shares upon exercise of the options in full.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required 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.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which has an interest or short 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 shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares of the Company 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 other member of the Group.

4. CORPORATE INFORMATION

Registered office	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head office and principal place of business in Hong Kong	Room 4205 Far East Finance Center 16 Harcourt Road Admiralty, Hong Kong
Company secretary	Mr. Cheung Ka Fai <i>CPA</i>
Authorised representatives	Mr. Li Baoqi Mr. Cheung Ka Fai <i>CPA</i>
Auditors	Ernst & Young Certified Public Accountants 22/F, Citic Tower, 1 Tim Mei Avenue Central, Hong Kong

Legal adviser to the Company as to Hong Kong law	Chiu & Partners 40th Floor, Jardine House 1 Connaught Place Hong Kong
Legal adviser to the Company as to Bermuda law	Appleby Spurling Hunter 2206-19 Jardine House 1 Connaught Place Central, Hong Kong
Principal share registrar and transfer office	Butterfield Corporate Services Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower 3 Garden Road Hong Kong



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 a special general meeting of Huscoke Resources Holdings Limited (“**Company**”) will be held at Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on Monday, 20 February 2012, at 2:30 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the form and substance of each of Second PGI Amendment Agreement and the Second PGI Supplemental Deed (as defined in the Company’s circular (“Circular”) dated 2 February 2012 of this notice of special general meeting forms part) be and are hereby approved, and their signing by the directors of the Company (“Directors”) on behalf of the Company be and is hereby approved, ratified and confirmed; and

- (b) the Directors be and they are hereby generally and specifically authorised (“Special Mandate”) to allot and issue such number of new Shares (“Conversion Shares”) as may be required to be allotted and issued at the conversion price of HK\$0.22 per Conversion Share (subject to adjustment and reset as provided under the Consolidated PGI Bond Conditions (as defined in the Circular) as may be amended by the Second PGI Supplemental Deed) upon the exercise of the conversion right attaching to the 2013 Bonds (as defined in the Circular) on and subject to the Consolidated PGI Bond Conditions as amended by the Second PGI Supplemental Deed, and **THAT** the Special Mandate shall be in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 1 June 2011 or such other general or special mandate(s) which may from time to time be granted to the Directors prior to the passing of this Resolution;

NOTICE OF SGM

and **THAT** all the transactions contemplated under the Second PGI Amendment Agreement and the Second PGI Supplemental Deed (together the “**Transactions**”) be and they are hereby approved and **THAT** the Directors be and they are hereby generally and unconditionally authorised to issue the Conversion Shares on and subject to the Consolidated PGI Bond Conditions as amended by the Second PGI Supplemental Deed. to do all such further acts and things, to take all actions, and to sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as the Directors may consider necessary, appropriate, expedient or desirable for the purpose of effecting or implementing the Transactions.”

By Order of the Board
HUSCOKE RESOURCES HOLDINGS LIMITED
Li Baoqi
Executive Director

Hong Kong, 2 February 2012

Registered Office:

Canon’s Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal place of business in Hong Kong:

Room 4205
Far East Finance Center
16 Harcourt Road
Admiralty
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice may appoint one or more proxies to attend the meeting and vote on a poll instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of authority (if any) under which it is signed or a notarially certified copy of such power of authority must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

NOTICE OF SGM

3. Delivery of an instrument appointing a proxy should not preclude member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto to. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. As at the date of this notice, the board of directors of the Company comprises Mr. Gao Jianguo, Mr. Li Baoqi, and Mr. Cheung Ka Fai as executive directors and Mr. Wu Jixian as non-executive director and Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy as independent non-executive directors.