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

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

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HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

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

PROPOSED CAPITAL REORGANISATION

Capitalised terms defined in the section headed “Definitions” in this circular shall, unless the context otherwise requires, have the same meanings when used in this front cover.

A letter from the Board is set out on pages 3 to 6 of this circular.

A notice convening the SGM to be held in Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong at 11:00 a.m. on Friday, 5 November 2010 is set out on pages 7 to 8 of this circular. A form of proxy for use at the SGM is also enclosed.

Whether or not you are able to attend the SGM, 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 SGM or any adjournment thereof. Completion of the proxy form and its return will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the meanings ascribed to them below:

“Accumulated Losses”	the entire balance in the accumulated loss account of the Company as at 30 June 2010
“Board”	the board of Directors
“Capital Reorganisation”	the application of funds in the Contributed Surplus Account to set off the Accumulated Losses in the same amount
“Companies Act”	the Companies Act 1981 of Bermuda, as amended
“Company”	Huscoke Resources Holdings Limited 和嘉資源控股有限公司, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Contributed Surplus Account”	the contributed surplus account of the Company
“Directors”	the directors of the Company
“Effective Date”	the effective date of the Capital Reorganisation, being the business day immediately following the date of the SGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“SGM”	the special general meeting to be convened by the Company for considering, and if thought fit, approving, among other things, the Capital Reorganisation
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

Executive Directors:

Mr. Wu Jixian
Mr. Li Baoqi
Mr. Cheung Ka Fai

Registered office:

Cannon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent non-executive Directors:

Mr. Lam Hoy Lee, Laurie
Mr. Wan Hon Keung
Mr. To Wing Tim, Paddy

Principal place

of business in Hong Kong:
Room 4205
Far East Finance Center
16 Harcourt Road
Admiralty
Hong Kong

13 October 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information on the Proposed Capital Reorganisation so as to enable you to make decisions on whether to vote for or against the resolution to be proposed at the SGM.

At the SGM, a resolution will be proposed for the Company to approve the proposed Capital Reorganisation.

This circular also contains the notice of the SGM.

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

The Board intends to put forward a proposed Capital Reorganisation for approval by Shareholders at the SGM, under which funds in the Contributed Surplus Account to the extent of approximately HK\$1,729 million will be utilised to eliminate the Accumulated Losses in the same amount.

Background of the Capital Reorganisation

In 2008, the Group entered into and completed two very substantial acquisitions to develop the coal related businesses. The purchase price payable for these acquisitions was satisfied by, among other means, the Group's issue of convertible bonds. The aggregate principal amounts of the convertible bonds issued so far are HK\$2,200 million.

As disclosed in the Company's annual report 2008, according to the accounting standards then adopted by the Company, the value of these convertible bonds was measured at fair value (i.e. the relevant share price) at the date of completion of the respective acquisitions. This fair value adjustment increased both the cost of acquisition and the goodwill of these acquisitions. As a result of the economic tsunami in 2008, the Company recorded as at 31 December 2008 a HK\$1.87 billion impairment loss (being a one-off non-operating loss) for the said increased goodwill, which was brought forward as part of the Accumulated Losses.

As disclosed in the Company's annual report 2009, at the time when the convertible bonds are converted into ordinary Shares, the nominal value of share capital issued upon conversion will be transferred from the convertible bonds reserve to the share capital account, while the difference between the fair value of the convertible bonds at their issuance dates and the nominal value of share capital issued will be transferred from the convertible bonds reserve to the Contributed Surplus Account.

For the financial year ended 31 December 2009, convertible bonds with aggregate carrying value of HK\$1,006,650,000 were converted into 1,552,500,000 Shares. Accordingly, HK\$155,250,000 was transferred to the share capital account while HK\$851,400,000 was transferred to the Contributed Surplus Account. Similarly, in connection with the conversion of the said convertible bonds, HK\$747,600,000 was recorded in the Contributed Surplus Account for the year ended 31 December 2008, while HK\$371,050,000 was recorded for the six months ended 30 June 2010.

LETTER FROM THE BOARD

Effects of the Capital Reorganisation

As at 30 June 2010, the Company recorded unaudited Accumulated Losses of approximately HK\$1,729 million. The unaudited balance of the Contributed Surplus Account of the Company amounted to approximately HK\$1,970 million as at 30 June 2010. Accordingly, the Directors put forward the proposal that funds in the Contributed Surplus Account to the extent of approximately HK\$1,729 million as at the Effective Date will be utilised to eliminate the Accumulated Losses in the same amount.

Other than the expenses incurred relating to the Capital Reorganisation, the implementation of the Capital Reorganisation will not, of itself, affect the Company's business operations and management or the interests of the Shareholders.

Reasons for the Capital Reorganisation

The Company has unaudited Accumulated Losses of approximately HK\$1,729 million as at 30 June 2010.

The Company noted from its discussions with bankers and potential investors that the Accumulated Losses somehow affected the Group's ability to raise funds. The Board is of the view that the Capital Reorganisation will allow the Company to eliminate its Accumulated Losses, thus enabling a better appreciation of the financial position of the Company and its current businesses.

As advised by the Company's Bermuda legal advisers, subject to the conditions set out below, funds standing to the credit of the Contributed Surplus Account may be used to set off the Accumulated Losses. As both the funds in the Contributed Surplus Account and the Accumulated Losses arose from the issuance of the convertible bonds, the Company considers it appropriate to apply the funds in the Contributed Surplus Account to set off the Accumulated Losses.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

1. the passing of the relevant special resolution by the Shareholders to approve the proposed Capital Reorganisation at the SGM; and
2. compliance with section 54 of the Companies Act, which provides that a company shall not make a distribution out of contributed surplus, if there are reasonable grounds for believing that — (a) the company is, or would after payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

LETTER FROM THE BOARD

SGM

The Company will convene the SGM to be held in Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong at 11:00 a.m. on Friday, 5 November 2010 to consider the proposed Capital Reorganisation. A notice of the SGM is set out on pages 7 to 8 of this circular.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you are able to attend the SGM, 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 later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion of the proxy form and its return will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Board considers that the proposed resolution set out in the notice of SGM is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolution to be proposed at the SGM in respect thereof.

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.

Yours faithfully,

By Order of the Board

Huscoke Resources Holdings Limited

Li Baoqi

Acting Chairman

NOTICE OF SGM



HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Huscoke Resources Holdings Limited (the “**Company**”) will be held in Room 4205, Far East Finance Center, 16 Harcourt Road, Admiralty, Hong Kong on Friday, 5 November 2010 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

“**THAT:**

- (a) funds standing to the contributed surplus account of the Company to the extent of approximately HK\$1,729 million will be utilised to set off the entire balance of the accumulated loss account of the Company as at 30 June 2010 in the same amount; and
- (b) the directors of the Company be and are hereby generally and unconditionally authorised to prepare and execute all documents and to do all such acts and things or make such arrangements as they may in their absolute discretion, consider necessary, expedient and appropriate to effect and implement any of the foregoing and the transactions contemplated thereunder.”

By Order of the Board

Huscoke Resources Holdings Limited

Li Baoqi

Acting Chairman

Hong Kong, 13 October 2010

NOTICE OF SGM

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

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. To be valid, the form of proxy and/or a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time of the meeting or any adjourned meeting.
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. 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. Wu Jixian, Mr. Li Baoqi, and Mr. Cheung Ka Fai as executive directors and Mr. Lam Hoy Lee, Laurie, Mr. Wan Hon Keung and Mr. To Wing Tim, Paddy as independent non-executive directors.