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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.husoke.com>*

**(A) PROPOSED ISSUE AND SUBSCRIPTION OF AN AGGREGATE  
OF HK\$192.5 MILLION EIGHT (8)% CONVERTIBLE BONDS  
DUE 2013 UNDER GENERAL MANDATE  
AND  
(B) RESUMPTION OF TRADING**

**(A) PROPOSED ISSUE OF AN AGGREGATE OF HK\$192.5 MILLION EIGHT (8)%  
CONVERTIBLE BONDS DUE 2013**

On 5 May 2010, the Company entered into the two several CB Subscription Agreements with First Subscriber and Second Subscriber respectively, both being Independent Third Parties, pursuant to which the Company has agreed to issue and the Subscribers have severally agreed to subscribe for the 2013 Bonds whose aggregate principal amounts are HK\$192.5 million. The 2013 Bonds are convertible into new Shares at the initial conversion price of HK\$0.55 per Conversion Share and on the terms summarised below in this announcement.

If the conversion rights attached to the 2013 Bonds are exercised in full at the Conversion Price (assuming no occurrence of any event upon which the Conversion Price shall be adjusted), First Subscriber and Second Subscriber will (by the acquisition of 280,000,000 Conversion Shares and 70,000,000 Conversion Shares respectively through the exercise of the conversion rights attached to the 2013 Bonds) become interested in 280,000,000 Shares and 70,000,000 Shares, representing about 6.36% and 1.59% of the Company's issued share capital as enlarged by the issue of the total number of the Conversion Shares. Detailed provisions to adjustment of the Conversion Price are set out below in this announcement.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon exercise of the conversion rights attached to the 2013 Bonds.

The Shares will, upon exercise (if so exercised) of the conversion rights attached to the 2013 Bonds, be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2009. The Directors have not, prior to the date of the CB Subscription Agreements, exercised any of their powers conferred by such general mandate. Neither of the Subscribers is an existing beneficial owner of any Shares or is interested in any Shares.

Subject to completion of both CB Subscription Agreements, the estimated net proceeds expected to be raised from the issue of the 2013 Bonds are approximately HK\$175 million, after deducting professional fees and all related expenses. The Company will use the estimated net proceeds for the Coke Processing Assets Acquisition.

The subscription by the Subscribers for the 2013 Bonds is conditional upon the fulfillment of the conditions set out under the section headed “Conditions of the Subscription” below.

Certain collaterals are created over the assets of the Group and certain convertible bonds in the aggregate principal amount of HK\$462 million held by Mr Wu are pledged in connection with the 2013 Bonds as collaterals to be issued to the First Subscriber. Certain convertible bonds in the aggregate principal amount of HK\$115.5 million held by Mr Wu are pledged as collaterals in connection with the 2013 Bonds to be issued to the Second Subscriber.

The terms of the CB Subscription Agreements have been arrived at after arm’s length negotiations. The Directors consider those terms to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **(B) SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 6 May 2010 pending the publication of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 7 May 2010.

## **(A) PROPOSED ISSUE OF THE HK\$192.5 MILLION EIGHT (8)% CONVERTIBLE BONDS DUE 2013**

### **CB Subscription Agreements both dated 5 May 2010**

Issuer : The Company

Subscribers : The First Subscriber, namely, Passion Giant Investment Limited  
The Second Subscriber, namely, CSOP Asset Management Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers and their respective 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)

Amount of 2013 Bonds to be subscribed : Subject to fulfillment of the conditions set out below under the paragraph headed "Conditions Precedent of the CB Subscription Agreements", First Subscriber has agreed to subscribe for the 2013 Bonds with the principal amount of HK\$154 million, while Second Subscriber has agreed to subscribe for the 2013 Bonds with the principal amount of HK\$38.5 million

### **Conditions Precedent of the CB Subscription Agreements**

Completion of the CB Subscription Agreements is conditional upon, among other things:

- (a) the board of directors of the Company (and, in respect of the PG CB Subscription Agreement, of some of the relevant subsidiaries of the Company) having approved the execution, delivery and performance by the Company of the relevant CB Subscription Agreement, the terms and conditions of the 2013 Bonds (and, in respect of the PG CB Subscription Agreement the relevant security documents), the issue of the 2013 Bonds and the issue and application for listing on the Stock Exchange of the Conversion Shares;
- (b) the Stock Exchange having given approval for the listing of and permission to deal in the Conversion Shares on the Stock Exchange upon conversion of the 2013 Bonds;
- (c) (if required) the Bermuda Monetary Authority having granted its approval to the allotment and issue of the Conversion Shares;
- (d) on the Completion Date (i) all of the representations and warranties given by the Company given in the relevant CB Subscription Agreement being accurate correct and complete at, and as if made on, the Completion Date (on which date they shall be deemed to have been repeated); (ii) the Company having performed all of its obligations under the relevant CB Subscription Agreement to be performed on or before Completion, and (c) there shall be delivered to the respective Subscribers a certificate dated as of such date, of a duly authorised officer of the Company to such effect;

- (e) there having been, since the date of the relevant CB Subscription Agreement, no change or any development or event involving a prospective change which is or might be a material adverse change;
- (f) there having been delivered to the respective Subscribers a certificate from the secretary or a Director of the Company setting out the names and signatures of the persons authorised to sign by the board meeting referred to in paragraph (a) above, on behalf of the Company, the relevant CB Subscription Agreement, the terms and conditions of the 2013 Bonds, (in respect of the PG CB Subscription Agreement) the Security Documents, and any other documents to be delivered by the Company under the relevant CB Subscription Agreement or in connection with the issue of the 2013 Bonds;
- (g) there having been delivered to the respective Subscribers legal opinions issued by the respective legal advisers to the Company as to Bermuda law, British Virgin Islands law, Hong Kong law and PRC law, in form and substance satisfactory to the respective Subscribers, dated as of the Completion Date, regarding (among other matters) the due incorporation, valid existence and good standing of the Company and the relevant subsidiaries of the Company, the due execution, validity and enforceability of the relevant CB Subscription Agreement, terms and conditions of the 2013 Bonds, (where relevant) the Security Documents, and the Acquisition Agreement and other related matters;
- (h) the respective Subscribers being satisfied, in its absolute discretion, with the legal due diligence investigation as to the laws of the PRC regarding, among other things, the Acquisition Agreement and the Coke Processing Assets;
- (i) the due execution of the Security Documents by the respective parties thereto and such agreements becoming unconditionally effective (subject to filings (if required by law) within the prescribed period under the applicable law);
- (j) the Company having engaged CCB International Capital Limited as its financial advisor in relation to the issue and subscription of the 2013 Bonds under the CB Subscription Agreements;
- (k) there having been delivered to the respective Subscribers evidence reasonably satisfactory to the respective Subscribers of the fulfilment of each of the other conditions precedent (including, without limitation, certified copies of documents as may be required by the respective Subscribers in connection with the conditions precedent);
- (l) each of the Company and GRG Huscoke shall have entered into a custody agreement with the relevant Subscriber or its nominee in form and substance satisfactory to the relevant Subscriber with respect to the operation of the Hong Kong proceeds account and the PRC proceeds account with China Construction Bank in Hong Kong and the PRC, respectively; and

- (m) all necessary Shareholders' approval (as required) regarding the issue of the 2013 Bonds and the Conversion Shares having been obtained and delivery of a copy or an extract of the relevant Shareholders' resolutions granting the approval and certified as true and complete by a Director to the relevant Subscriber.

If any of the above conditions has not been satisfied or waived by the relevant Subscriber on the Long Stop Date or such date as the Company and the respective Subscribers shall agree in writing, the relevant CB Subscription Agreement shall terminate.

### **Completion of the CB Subscription Agreements**

Completion of each of the CB Subscription Agreements will take place on the third Business Day after satisfaction (or, if applicable, waiver) of all the conditions listed under the paragraph headed "Conditions Precedent of the CB Subscription Agreements" above, or such later date as may be agreed by the Company and the relevant Subscribers in writing.

### **Principal terms of the 2013 Bonds**

The principal terms of the 2013 Bonds were determined after arm's length negotiations between the Company and the respective Subscribers and are summarized below:

Principal amount	:	HK\$192.5 million in aggregate, comprising HK\$154 million under the 2013 Bonds subscribed by First Subscriber and HK\$38.5 million under the 2013 Bonds subscribed by Second Subscriber
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 respective CB Subscription Agreements and thereafter and on the Maturity Date
Maturity Date	:	the third anniversary of the date of issue of the 2013 Bonds

Conversion Period : The 2013 Bonds are convertible in whole or in part into new Shares at any time from at any time from the day immediately following the date of issue of the 2013 Bonds 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 Bonds and provided that any conversion of the 2013 Bonds does not trigger off a mandatory offer under Rules 26 of the Takeovers Code on the part of the Bondholders which exercise the Conversion Right 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. Any conversion shall be made in amounts of not less than a whole multiple of HK\$1.1 million and no fraction of a Share shall be issued on conversion.

Conversion Price : The initial Conversion Price HK\$0.55 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, was arrived at after arm's length negotiations between the relevant parties and with reference to the market price of the Shares. The initial Conversion Price represents:

- (a) the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on 5 May 2010, being the date on which the terms of the CB Subscription Agreements are fixed,
- (b) a discount of about 1.79% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on 4 May 2010, being the Last Trading Day, and
- (c) a discount of about 2.83% to the average closing price of the Shares of HK\$0.566 per Share for the 10 trading-day period ended on the Last Trading Day (inclusive).

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 CB Subscription Agreements contain 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 respective CB Subscription Agreements, with a key objective that any dilution effect on the value of the 2013 Bonds arising from such events will be neutralized.

- 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.
- Final redemption and repayment : Unless previously redeemed or converted or purchased and cancelled as provided in the respective CB Subscription Agreements, the Company is obliged to make any redemption, in cash, of the outstanding principal amount of the 2013 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 Bonds : The Group may at any time and from time to time before the Maturity Date elect to purchase the 2013 Bonds from the holder(s) thereof at any price as agreed between them.

The holder(s) of the 2013 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” and “Early redemption” respectively below).

Early partial redemption of the 2013 Bonds at the request of a Bondholder : At any time during the three years commencing from (and including) the issue date of the 2013 Bonds and including the Maturity Date, a Bondholder 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 Bonds such that the amount payable by the Company for redeeming the relevant 2013 Bonds shall be calculated in accordance with the following formula:

Redemption price = [Face value of the principal amount of the relevant 2013 Bonds] ÷ (0.55) x (0.51)

The Company shall upon giving of a redemption notice by the Bondholder, shall cause the 2013 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 Bond, 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 (as referred to in this announcement 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 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 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 Bonds the principal amount of the 2013 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 Bonds at the time of conversion by serving the conversion notice to the Company.

Cancellation of the 2013 Bonds		All 2013 Bonds which are redeemed or purchased by the Group, or which are converted into Shares by the Bondholders, will forthwith be cancelled and such 2013 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 it being a Bondholder.
Transferability	:	The 2013 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 is entitled to require the Company to redeem the outstanding 2013 Bonds, in cash. Upon any such notice being given to the Company, the 2013 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 Bonds, and (y) the sum of the aggregate principal amount of the 2013 Bonds and all interest accrued thereon. Full payment of all amounts payable shall be made in accordance with the provisions of the respective CB Subscription Agreements. These events of default are set out in greater detail in the annex to this announcement.

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

The obligations of the Company under the 2013 Bonds to be issued to Second Subscriber is secured by a pledge given or to be given by Mr Wu, of HK\$115.5 million zero coupon bonds due 2013 issued by the Company to Mr Wu under the above acquisition agreement dated 11 January 2008.

The above collaterals ("Security Documents") 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 Bonds; (2) if, and only to the extent that, the shares charged to secure the 2013 Bonds are sold with the consent of the Bondholders; or (3) upon satisfaction and discharge of the 2013 Bonds.

The Company shall give notice to the Stock Exchange for any transfer of the 2013 Bonds and shall state whether connected person of the Company (within the meaning of the Listing Rules) is involved.

### **Reasons for the issue of the 2013 Bonds**

As disclosed in the Company's circular dated 29 January 2010, the Group has entered into an agreement to acquire the Coke Processing Assets. In connection with such acquisition, funds up to about RMB639.13 million are required for completion of such acquisition. The Directors consider that the issue of the 2013 Bonds is an appropriate means of raising funds since it will not have an immediate dilution effect on the shareholding of the existing Shareholders and the interest payable under the 2013 Bonds is more stable and predictable than bank borrowing.

As the Subscribers are reputable investment funds, the proposed issue of the 2013 Bonds to the Subscribers presents a valuable opportunity to invite such investment funds to become strategic investors of the Company.

The Directors consider that the terms of the CB Subscription Agreements, which were arrived at after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Release of and use of proceeds**

The net proceeds to be raised from the issue of the 2013 Bonds are estimated to be about HK\$175 million, after deducting professional fees and all related expenses. The Company plans to use such proceeds to fund the acquisition of the Coke Processing Assets as disclosed in the circular of the Company dated 29 January 2010.

The release of the net proceeds shall be subject to the terms and conditions of the Custody Agreement, and subject to the receipt of such evidence by the relevant Subscriber of the fulfillment of the following items to the satisfaction of the relevant Subscriber (unless waived in writing):

- (a) a PRC legal opinion confirming, including and without limitation (i) the completion of the Acquisition Agreement in accordance with the terms and conditions thereof, (ii) the completion of transfer, assignment and delivery of the absolute title (including such evidence of title), possession and control of the Coke Processing Assets to GRG Huscoke, (iii) the Coke Processing Assets having been duly registered under the name of GRG Huscoke with the relevant PRC government authority(ies) and that it shall be entitled to own and operate the Coke Processing Assets to the exclusion of all other parties including the vendor, and (iv) such other matters as may be required by the relevant Subscriber;

- (b) completion of the capital verification procedures and issue of capital verification report by a firm of qualified auditors that the total registered capital is HK\$900 million and that the paid-up capital is not less than HK\$675 million;
- (c) issued by the State Administration of Industry and Commerce of a new business license indicating that the total registered capital of GRG Huscoke is HK\$900 million and the total paid-up capital of GRG Huscoke is HK\$675 million;
- (d) GRG Huscoke shall have provided such evidence satisfactory to the relevant Subscriber that it has entered into a lease agreement with 梧桐鎮河底村民委員會 and/or 孝義市金岩電力煤化工有限公司 (an unofficial English translation of the Chinese name is Xiaoyi City Golden Rock Electricity Coal Chemical Company Limited) having a term of not less than 10 years in respect of the land located at industrial complex at No. 1, Jinyan Road, Wutong Industrial Coke Chemical Park, Xiaoyi City, Shanxi Province, the PRC (having a total gross floor area of 19,787.05 square metres), for the purpose of operation of the Coke Processing Assets having been duly obtained in the name of GRG Huscoke as the lawful lessee or sub-lessee (as the case may be); and
- (e) such other document and/or information as may be reasonably required by the relevant Subscriber.

#### **Impact on the shareholding structure of the Company as a result of conversion of the 2013 Bonds**

As at the date of this announcement, there are a total of 4,055,426,292 Shares in issue. In addition, as at the date of the CB Subscription Agreements, there are certain outstanding share options, which are held by directors and/or employees of the Group, upon exercise thereof a total of 17,500,000 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 aforementioned share options, there are no outstanding convertible securities of the Company as at the date of this announcement.

If the conversion rights attached to the 2013 Bonds are exercised in full at the Conversion Price (assuming no adjustment to the Conversion Price), First Subscriber and Second Subscriber will become interested in 280,000,000 Shares and 70,000,000 Shares respectively, representing about 6.36% or 1.59% of the Company's issued share capital as enlarged by the issue of all the total number of Conversion Shares respectively.

The following table summarises (i) the Company's existing shareholding structure, (ii) the shareholding structure assuming and immediately after issue of Shares to the Subscribers pursuant to their exercise of the conversion rights attached to the 2013 Bonds in full (based on the existing shareholding structure) at the Conversion Price, and (iii) the shareholding structure assuming and immediately after issue of Shares to the Subscribers pursuant to their exercise of the conversion rights attached to the 2013 Bonds in full (based on the existing shareholding structure) at the 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:

	Existing shareholdings		Assuming full conversion of the 2013 Bonds and assuming the WJX Convertible Bonds are not converted at all		Assuming full conversion of the 2013 Bonds and the WJX Convertible Bonds	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors:</b>						
Mr Wu ( <i>Note 1</i> )	450,000,000	11.10	450,000,000	10.21	1,694,375,582 ( <i>Note 3</i> )	29.99 ( <i>Note 3</i> )
To Wing Tim, Paddy ( <i>Note 2</i> )	660,000	0.01	660,000	0.01	660,000	0.01
<b>Subscribers:</b>						
First Subscriber	—	—	280,000,000	6.36	280,000,000	4.96
Second Subscriber	—	—	70,000,000	1.59	70,000,000	1.24
<b>Other public Shareholders:</b>						
	3,604,766,292	88.89	3,604,766,292	81.83	3,604,766,292	63.80
<b>Total:</b>	<u>4,055,426,292</u>	<u>100.00</u>	<u>4,405,426,292</u>	<u>100.00</u>	<u>5,649,801,874</u>	<u>100.00</u>

*Notes:*

- Mr Wu is the chief executive officer of the Company and one of the executive Directors. These Shares does not take into account any Shares which may fall to be allotted and issued upon exercise of the conversion right attached to the WJX Convertible Bonds and the subscription right attaching to the share 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. As at the date of this announcement, the outstanding options entitle Mr Wu to subscribe for up to 5,400,000 new Shares.

2. Among these Shares in which Mr To has interest, 100,000 Shares are held by Mr To (an independent non-executive Director) as beneficial owner while 560,000 Shares are held by Ms Leung Yuet Mei, the spouse of Mr To. Accordingly, Mr To is deemed interested in such 560,000 Shares as well under the SFO.
3. 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 date of this announcement, 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 Bonds on the Stock Exchange or any other stock exchange. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued pursuant to the 2013 Bonds.

### **General Mandate**

The new Shares to be allotted and issued upon the exercise of the conversion rights attaching to the 2013 Bonds will be issued under the Existing General Mandate which was approved by a resolution passed by the Shareholders at the Company's annual general meeting held on 5 June 2009. The Directors have not, prior to the date of the CB Subscription Agreements, exercised any of their powers conferred by such general mandate.

## **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 date of this announcement.

## **INFORMATION ON THE SUBSCRIBERS**

Passion Giant Investment Limited, a wholly owned subsidiary of CCB International Asset Management Limited (CCBIAM), is an investment holding company incorporated in the British Virgin Islands. CCBIAM has a large number of investments including, without limitation, pre-IPO projects in the PRC and Hong Kong, as well as Hong Kong listed companies, covering sectors such as real estate, manufacturing, energy, transportation, media, retail and healthcare.

CSOP Asset Management Limited (“CSOP”), a subsidiary of China Southern Fund Management Co. Limited, is the first Hong Kong subsidiary set up by mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong.

## GENERAL

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

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 6 May 2010 pending the publication of this announcement. The Company has applied for resumption of trading in the Shares with effect from 9:30 a.m. on 7 May 2010.

## DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“2013 Bonds”	the eight (8)% convertible bonds in the aggregate principal amounts of HK\$192.5 million in aggregate due 2013 to be issued by the Company under the CB Subscription Agreements
“Acquisition Agreement”	the agreement dated 10 December 2009 entered into among the Company, GRG Huscoke and 孝義市金岩電力煤化工有限公司 (an unofficial English translation of the Chinese name is Xiaoyi City Golden Rock Electricity Coal Chemical Company Limited), in respect of the Coke Processing Assets Acquisition
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the 2013 Bonds
“Business Day”	any day (excluding a Saturday or a Sunday) on which licensed banks generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“CB Subscription Agreements”	collectively, the PG CB Subscription Agreement and the CSOP CB Subscription Agreement



“Coke Processing Assets Acquisition”	the proposed acquisition as contemplated by the agreement dated 10 December 2009 made between Xiaoyi City Golden Rock Electricity Coal Chemical Company Limited (as vendor) and GRG Huscoke (Shan Xi) Ltd. (as purchaser), pursuant to which it is proposed that the Group will acquire the Coke Processing Assets, as disclosed in greater details in the Company’s circular dated 29 January 2010
“Company”	Huscoke Resources Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 704)
“Completion Date”	means the third Business Day following the date on which all the conditions precedent under the respective CB Subscription Agreements are fulfilled or waived
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Right”	the right of the Bondholder(s) to convert the whole or part of the principal amount of the 2013 Bonds into Shares subject to the terms and conditions thereof
“Conversion Shares”	new Shares which may fall to be allotted and issued upon conversion of the 2013 Bonds
“CSOP CB Subscription Agreements”	the conditional subscription agreement dated 5 May 2010 entered into between the Company with Second Subscriber in respect of the subscription of the 2013 Bonds
“Custody Agreement”	a custody agreement to be entered into between the Company and GRG Huscoke with the Subscribers or its nominee
“Director(s)”	the director(s) of the Company
“Existing General Mandate”	the general mandate granted to the Directors at the Company’s annual general meeting held on 5 June 2009 to allot, issue or otherwise deal in up to 363,585,258 Shares
“First Subscriber”	Passion Giant Investment Limited, being one of the subscribers of the 2013 Bonds having principal amount of HK\$154 million under the PG CB Subscription Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	a party who is independent of and is not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	4 May 2010, being the last trading day immediately before the date of the CB Subscription Agreements
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2010 or such later date as the Company and the respective Subscribers may agree in writing
“Maturity Date”	the date falling three years after the date of issue of the 2013 Bonds
“Mr Wu”	Mr Wu Jixian, the chief executive officer of the Company and one of the executive Directors
“PG CB Subscription Agreements”	the conditional subscription agreement dated 5 May 2010 entered into between the Company with First Subscriber in respect of the subscription of the 2013 Bonds
“PRC”	The People’s Republic of China
“Second Subscriber”	CSOP Asset Management Limited, being one of the subscribers of the 2013 Bonds having principal amount of HK\$38.5 million under the CSOP CB Subscription Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, First Subscriber and Second Subscriber, and a “Subscriber” shall mean either of them
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“WJX Convertible Bonds”	convertible bonds with an aggregate principal amount of HK\$769,000,000 outstanding as at the date of the CB Subscription Agreement, which bonds bear no interest, have a maturity date of 31 October 2013 and are convertible into Shares at the conversion price of HK\$0.40 per Share at any time after 31 October 2008
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 6 May 2010

*As at the date of this announcement, the executive Directors are Mr Wu Jixian, Mr Li Baoqi, Mr Chim Kim Lun, Ricky and Mr Cheung Ka Fai, and the independent non-executive Directors are Mr Lam Hoy Lee Laurie, Mr Wan Hon Keung and Mr To Wing Time, Paddy.*

## ANNEX

### 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 terms and conditions of the 2013 Bonds (the “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 these 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
- (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 sub-paragraph (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
  - (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 sub-paragraphs (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;
- (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);
- (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; 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.