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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>

**RESET OF THE CONVERSION PRICE OF THE HK\$154 MILLION
EIGHT (8)% CONVERTIBLE BONDS DUE 2013
HELD BY PASSION GIANT INVESTMENT LIMITED**

References are made to (among others) (i) the announcement of the Company dated 28 February 2012; and (ii) the Company's circular (the "Circular") dated 2 February 2012 regarding, among other matters, the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the Special Mandate.

Unless otherwise specified, capitalized terms used in this announcement have the same meanings as defined in the Circular.

Under the Second PGI Supplemental Deed, the Conversion Price was changed to HK\$0.22 per Conversion Share ("New Conversion Price"), which is subject to reset according to the average closing price per Share ("Relevant Average Price") for the period of 30 consecutive trading days ending (and inclusive of) 31 December 2012.

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.

The Relevant Average Price for the period of 30 consecutive trading days ending (and inclusive of) 31 December 2012 is equal to HK\$0.076, and is less than the nominal value of one Share of the Company. Thus the New Conversion Price is reset to HK\$0.10 per Conversion Share ("Reset Conversion Price") with effect from the close of business on 31 December 2012.

References are made to (among others) (i) the announcement of Huscoke Resources Holdings Limited (the “Company”) dated 28 February 2012; and (ii) the Company’s circular dated 2 February 2012 regarding, among other matters, the Second PGI Amendment Agreement, the Second PGI Supplemental Deed and the Special Mandate.

Unless otherwise specified, capitalized terms used in this announcement have the same meanings as defined in the Circular.

Under the Second PGI Supplemental Deed, the Conversion Price was changed to HK\$0.22 per Conversion Share, subject to adjustments as provided under the Consolidated PGI Bond Conditions.

Under the Second PGI Supplemental Deed, where the average closing price per Share 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 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.

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.

The Relevant Average Price for the period of 30 consecutive trading days ending (and inclusive of) 31 December 2012 is equal to HK\$0.076, and is less than the nominal value of one Share of the Company. Thus the New Conversion Price is reset to HK\$0.10 per Conversion Share with effect from the close of business on 31 December 2012.

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

If the conversion rights attached to the 2013 PGI Bonds are exercised in full at the Reset Conversion Price (assuming no occurrence of any event upon which the Reset Conversion Price shall be further 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 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 Reset Conversion Price and the issue of Shares to Mr. Wu Jixian (“Mr. Wu”) pursuant to his exercise of the conversion rights attached to the convertible bonds held by Mr. Wu (“WJX Convertible Bonds”), which have an aggregate principal amount of HK\$582 million outstanding as at 31 December 2012, 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.

	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)	28,062,000	0.62	28,062,000	0.46	28,062,000	0.37
Mr. Wu (Note 2)	657,000,000	14.53	657,000,000	10.84	2,112,000,000 (Note 4)	28.09 (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	—	—	1,540,000,000	25.40	1,540,000,000	20.48
Other public Shareholders:						
	<u>3,836,704,292</u>	<u>84.82</u>	<u>3,836,704,292</u>	<u>63.28</u>	<u>3,836,704,292</u>	<u>51.04</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:

- 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.
- 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. To is deemed interested in such 1,160,000 Shares as well under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time.
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.

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

Hong Kong, 31 December 2012

As at the date of this announcement, the executive Directors of the Company are Mr. Gao Jianguo and Mr. Li Baoqi, the non-executive Director of the Company is Mr. Wu Jixian, and the independent non-executive Directors of the Company are Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.