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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)**

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**Amendments to the terms and conditions of the HK\$38.5 million  
eight (8)% convertible bonds due 2013  
held by CSOP Asset Management Limited**

Reference is made to the Company's announcements (i) dated 6 and 24 May 2010 in connection with the Company's issue of an aggregate of HK\$154 million eight (8)% convertible bonds due 2013 to PGI and an aggregate of HK\$38.5 million eight (8)% convertible bonds due 2013 to CSOP, (ii) dated 25 May 2011 in connection with the possible adjustment to the Conversion Price of HK\$0.55 per Conversion Share as originally provided under the terms and conditions of the 2013 Bonds, and (iii) dated 29 June 2011 in connection with the Company entering into of the PGI Supplemental Deed.

On 7 September 2011 (at about 5:00 p.m.), CSOP gave confirmation that it would sanction the modifications of the CSOP Bond Conditions as contemplated under the CSOP Supplemental Deed which included among others, a provision refraining CSOP from exercising the Early Redemption Right. On the same date, the Company executed the CSOP Supplemental Deed, pursuant to which the CSOP Bond Conditions were amended by conferring the Company a right (subject to compliance with the applicable laws, regulations, rules and codes) to redeem, upon it giving an irrevocable prior notice in writing to CSOP and without the prior agreement of CSOP to redeem all (or any portion of the principal amount thereof which is HK\$1,100,000 or any integral multiple thereof) of the outstanding Bonds held by CSOP on a Business Day as specified in such notice. Under the CSOP Supplemental Deed, if such redemption right is exercised by the Company, the Company shall, in addition to the interest and principal amount of the Bonds, pay such amount to CSOP so that the total amount to be paid to CSOP in respect of the 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.

On 7 September 2011 (at about 6:30 p.m.), the Company served irrevocable redemption notices to CSOP, pursuant to which the Company would redeem CSOP Bonds in the principal amount of HK\$6,600,000 on 15 September 2011, and CSOP Bonds in the principal amount of HK\$31,900,000 on 15 November 2011.

Up to the date of this announcement, the conversion rights attached to the 2013 Bonds have not been exercised at all.

The CSOP Supplemental Deed is made in consideration of CSOP agreeing to the modifications of the CSOP Bond Conditions which included a provision of refraining CSOP from exercising the Early Redemption Right. There are not, nor will there be any new proceeds to be raised from the execution of the CSOP Supplemental Deed.

The terms of the CSOP Supplemental Deed 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.

Reference is made to the Company's announcements (i) dated 6 and 24 May 2010 in connection with the Company's issue of an aggregate of HK\$154 million eight (8)% convertible bonds ("2013 PGI Bonds") due 2013 to Passion Giant Investment Limited ("PGI") and an aggregate of HK\$38.5 million eight (8)% convertible bonds ("2013 CSOP Bonds", which together with the 2013 PGI Bonds are referred to as the "2013 Bonds" hereinafter) due 2013 to CSOP Asset Management Limited ("CSOP", who together with PGI are referred to as the "Bondholders" hereinafter and each a "Bondholder")), (ii) dated 25 May 2011 in connection with the possible adjustment to the Conversion Price ("Original Conversion Price") of HK\$0.55 per Conversion Share as originally provided under the terms and conditions ("Original Bond Conditions") of the 2013 Bonds, and (iii) dated 29 June 2011 in connection with the Company entering into of the PGI Supplemental Deed.

Terms defined in the Company's announcement 6 May 2010 shall, unless the context otherwise requires, have the same meanings when used in this announcement.

## **BACKGROUND**

As mentioned in the Company's announcement dated 6 May 2010, the CB Subscription Agreements were made by the Company with PSG 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.

As mentioned in the Company's announcement dated 25 May 2011, the Company noted that the average 30 consecutive trading days' closing price per Share as at 20 May 2011 was less than 70% of the Original Conversion Price. The Company was therefore in discussion with the Bondholders as to whether, upon the said event ("Relevant Event") arising, they would exercise their rights to request for an early redemption of the 2013 Bonds.

On 29 June 2011, PGI gave confirmation that it would refrain from exercising the Early Redemption Right, and sanctioned the modifications of the Bond Conditions as contemplated under the deed poll ("PGI Supplemental Deed") dated 29 June 2011 and made by the Company. On the same date, the Company executed the PGI Supplemental Deed, pursuant to which (among other matters) the Original Conversion Price (being HK\$0.55 per Conversion Share) is provided to be changed to HK\$0.30 per Conversion Share ("New PGI Conversion Price"), subject to adjustments as provided under the Original Bond Conditions ("Original PGI Bond Conditions") in respect of the 2013 PGI Bonds. Please refer to the Company's announcement dated 29 June 2011 for further details.

On 7 September 2011 (at about 5:00 p.m.), after further discussions and negotiations, CSOP gave confirmation that it would sanction the modifications of the CSOP Bond Conditions as contemplated under the CSOP Supplemental Deed which included, among others, a provision refraining CSOP from exercising the Early Redemption Right once an irrevocable redemption notice is served by the Company on CSOP in accordance with the amended CSOP Bond Conditions. On the same date, the Company executed the CSOP Supplemental Deed, pursuant to which the CSOP Bond Conditions were amended by conferring the Company a right (subject to compliance with the applicable laws, regulations, rules and codes) to redeem, upon it giving an irrevocable prior notice in writing to CSOP and without the prior agreement of CSOP to redeem all (or any portion of the principal amount thereof which is HK\$1,100,000 or any integral multiple thereof) of the outstanding Bonds held by CSOP on a Business Day as specified in the notice being served. Under the CSOP Supplemental Deed, if such redemption right is exercised by the Company, the Company shall, in addition to the interest and principal amount of the Bonds, pay such amount to CSOP so that the total amount to be paid to CSOP in respect of the 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.

On 7 September 2011 (at about 6:30 p.m.), the Company served irrevocable redemption notices to ("Exercise Notices") with CSOP, pursuant to which the Company would redeem CSOP Bonds in the principal amount of HK\$6,600,000 on 15 September 2011, and CSOP Bonds in the principal amount of HK\$31,900,000 on 15 November 2011.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of CSOP 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 CSOP Bonds and is holder of the 2013 CSOP Bonds.

## **THE NEW CSOP BOND CONDITIONS**

Under the CSOP Supplemental Deed, the Original CSOP Bond Conditions are amended by the addition of a new provision to the effect as follows: Subject to compliance with the applicable laws, regulations, rules and codes, the Company shall have the right, upon it giving an irrevocable prior notice in writing to the holder of the CSOP Bonds and without the prior agreement of such Bondholder, to redeem all (or any portion of the principal amount thereof which is HK\$1,100,000 or any integral multiple thereof) of the outstanding Bonds held by the Bondholder on a specified Business Day as mentioned on the redemption notice. Upon such notice being served by the Company with such Bondholder, the Company shall redeem the principal amount of the Bonds as stated in that notice on the particular date by paying or procuring payment to or to the order of the Bondholder in Hong Kong dollars in immediately available funds in Hong Kong the principal amount of the Bonds and interest accrued thereon (without set-off) becoming due for redemption together with any applicable premium. Within two Business Days from the date of payment of the said amount, the Bondholder shall forward the certificates in respect of all the Bonds so redeemed to or to the order of the Company. In the event of such redemption, the Company shall, in addition to the interest and principal amount of the Bonds, pay such amount in Hong Kong dollars to the relevant Bondholder so that the total amount to be paid to the Bondholder in respect of the 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. Where the outstanding Bonds are held by two or more holders of the CSOP Bonds, any redemption shall be made available to all Bondholders alike. Once the above notice of redemption is served by the Company with the Bondholders, the Bondholders shall no longer be entitled to exercise the Early Redemption Right.

The Supplemental Deed is supplemental to the Original CSOP Bond Conditions and, save as expressly amended above (the “New CSOP Bond Conditions”), all the provisions of the Original CSOP Bond Conditions shall remain in full force and effect. Shareholders and other investors or potential investors are advised to refer to the Company’s dated 6 May 2010 for a summary of the principal terms of the Original Bond Conditions.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of CSOP 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 CSOP Bonds and is holder of the 2013 CSOP Bonds.

## **THE CSOP SUPPLEMENTAL DEED BECOMING EFFECTIVE**

The amendments as contemplated by the CSOP Supplemental Deed shall become effective immediately upon its execution.

## **REASONS FOR ENTERING INTO THE CSOP SUPPLEMENTAL DEED**

The CSOP Supplemental Deed is made in consideration of CSOP agreeing to the modifications of the CSOP Bond Conditions which included a provision of refraining CSOP from exercising the Early Redemption Right. There will not be any new proceeds to be raised from the CSOP Supplemental Deed.

If the CSOP Supplemental Deed is not entered into, CSOP is 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\$38.5 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 CSOP Bonds, and (y) the sum of the aggregate principal amount of the 2013 CSOP Bonds and the interest accrued thereon. The mandatory repayment and payment of the above amounts would have affected the 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 CSOP Supplemental Deed.

As disclosed in the Company's announcement dated 26 August 2011 on the interim results of the Group for the six months ended 30 June 2011, the amount owing to CSOP was recorded as current liability. Accordingly, the exercise of the redemption right by the Company in accordance with the terms of the CSOP Supplemental Deed does not have any material impact on the Group's balance sheet position. The Company also does not foresee any material difficulty to complete such redemption in accordance with the terms as provided under the Exercise Notices.

In this connection, the Company would also point out that after consulting professional valuer and professional accountants, and as disclosed in the Company's announcement dated 26 August 2011 on the Group's interim results for the six months ended 30 June 2011, the change in conversion price pursuant to the PGI Supplemental Deed does not have any material impact on the financial statement of the Group.

## **IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE ENTERING INTO OF THE CSOP SUPPLEMENTAL DEED AND THE SERVICE OF THE EXERCISE NOTICES**

As at the date of this announcement, there are a total of 4,522,926,292 Shares in issue. In addition, there are certain outstanding share options, which are held by directors and/or employees of the Group, upon exercise thereof a total of 37,500,000 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 are no outstanding convertible securities of the Company as at the date of this announcement.

Up to the date of this announcement, the conversion rights attached to the 2013 Bonds have not been exercised at all. As at the date of this announcement, neither PGI nor CSOP is an existing beneficial owner of any Shares or is interested in any Shares (other than through the 2013 Bonds, attaching to which the conversion rights have not been exercised at all).

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 513,333,333 Shares by the acquisition of 513,333,333 Conversion Shares through the exercise of the conversion rights attached to the 2013 PGI Bonds, representing about 10.19% 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 announcement dated 6 May 2010.

As the CSOP Supplemental Deed was executed and the redemption notices were issued, the 2013 CSOP Bonds will not be exercised at all. 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 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 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	%
<b>Directors:</b>						
Mr Wu ( <i>Note 1</i> )	657,000,000	14.53	657,000,000	13.05	1,876,000,000 ( <i>Note 3</i> )	29.99 ( <i>Note 3</i> )
To Wing Tim, Paddy ( <i>Note 2</i> )	1,160,000	0.01	1,160,000	0.02	1,160,000	0.02
<b>Bondholders:</b>						
PGI	—	—	513,333,333	10.19	513,333,333	8.21
CSOP	—	—	—	—	—	—
<b>Other public</b>						
<b>Shareholders:</b>	<u>3,864,766,292</u>	<u>85.46</u>	<u>3,864,766,292</u>	<u>76.74</u>	<u>3,864,766,292</u>	<u>61.78</u>
<b>Total:</b>	<u><u>4,522,926,292</u></u>	<u><u>100.00</u></u>	<u><u>5,036,259,625</u></u>	<u><u>100.00</u></u>	<u><u>6,255,259,625</u></u>	<u><u>100.00</u></u>

*Notes:*

- Mr Wu is the chief executive officer of the Company and one of the executive Directors. 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 option 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 date of this announcement, the outstanding options entitle Mr Wu to subscribe for up to 11,400,000 new Shares.
- 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 to be interested in such 860,000 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.

### **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 CSOP**

CSOP is a subsidiary of China Southern Fund Management Co. Limited. It 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 coke trading, coal related ancillary business and coke production.

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

Hong Kong, 7 September 2011

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