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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>

AMENDMENTS TO THE TERMS AND CONDITIONS OF THE HK\$154 MILLION EIGHT (8)% CONVERTIBLE BONDS DUE 2013 HELD BY PASSION GIANT INVESTMENT 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, and (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.

On 29 June 2011, PGI gave confirmation that it would refrain from exercising the Early Redemption Right, and sanctioned the modifications of the PGI Bond Conditions as contemplated under the PGI Supplemental Deed. 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 the New Conversion Price (being HK\$0.30 per Conversion Share), subject to adjustments as provided under the Original PGI Bond Conditions. The amendments as contemplated by the Supplemental Deed shall become effective upon and only upon 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 Bonds at the New Conversion Price.

Up to the date of this announcement, the Company and CSOP have been in negotiation on the possible adjustment to the Original Conversion Price, but no conclusion has so far been made as to such possible change.

Up to the date of this announcement, the conversion rights attached to the 2013 Bonds 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 Bondholder will become interested in 513,333,333 by the acquisition of the same number of 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 PGI Conversion Shares (assuming that the 2013 CSOP Bonds are not exercised at all).

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 PGI Bonds at the New Conversion Price.

The Shares will, upon exercise (if so exercised) of the conversion rights attached to the 2013 PGI Bonds, be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 1 June 2011. The Directors have not, prior to the date of the PGI Supplemental Deed, exercised any of their powers conferred by such general mandate. As at the date of this announcement, neither of the Bondholders 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).

The PGI Supplemental Deed is made in consideration of PGI agreeing to refrain from exercising the Early Redemption Right. There are not, nor will there be any new proceeds to be raised from the execution of the PGI Supplemental Deed.

The terms of the PGI 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")), and (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.

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 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.

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 will 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 Conversion Price"), subject to adjustments as provided under the Original Bond Conditions ("Original PGI Bond Conditions") in respect of the 2013 PGI Bonds.

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 is holder of the 2013 PGI Bonds.

THE NEW PGI BOND CONDITIONS

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

- (a) the Original Conversion Price (being HK\$0.55 per Conversion Share) is changed to HK\$0.30 per Conversion Share ("New Conversion Price"), subject to adjustments as provided under the Original PGI Bond Conditions;

- (b) any conversion shall be made in amounts of not less than a whole multiple of HK\$1.2 million (instead of HK\$1.1 million as provided under the Original PGI Bond Conditions) and no fraction of a Share shall be issued on conversion;
- (c) 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 PGI Bonds shall be entitled to serve a redemption notice, requiring the Company to redeem 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 the following formula:

$$\text{Redemption price} = \frac{\text{Face value of the principal amount of the relevant 2013 PGI Bonds}}{(0.30) \times (0.278)}$$

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

The Supplemental Deed is supplemental to the Original PGI Bond Conditions and, save as expressly amended above (the “New PGI Bond Conditions”), all the provisions of the Original PGI 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.

Up to the date of this announcement, the Company and CSOP have been in negotiation on the possible adjustment to the Original Conversion Price, but no conclusion has so far been made as to such possible change.

CONDITION PRECEDENT TO THE SUPPLEMENTAL DEED BECOMING EFFECTIVE

The amendments as contemplated by the PGI Supplemental Deed shall become effective upon and only upon 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 PGI Bonds at the New Conversion Price.

If the above condition precedent is not fulfilled on or before 22 July 2011, 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 condition 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 20 May 2011 and up to the date of fulfillment of the above condition.

REASONS FOR ENTERING INTO THE PGI SUPPLEMENTAL DEED

The 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 Supplemental Deed.

If the Supplemental Deed is not entered into, PGI 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. 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 PGI Supplemental Deed.

The Company has been taking steps to seek advice from professional accountants on whether the execution of the PGI Supplemental Deed will have any material impact on the financial statement of the Group. If there is any, the Company will make an announcement in due course, or otherwise the Company will make an appropriate disclosure in its forthcoming interim report for the six months ending 30 June 2011.

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

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.

Scenario 1

Assuming the 2013 CSOP Bonds are not 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:

The effect on the shareholding structure of the Company upon full conversion of the 2013 PGI Bonds (assuming the 2013 CSOP Bonds are not exercised at all):

	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:						
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	0.03	1,160,000	0.02	1,160,000	0.02
Bondholders:						
PGI	—	—	513,333,333	10.19	513,333,333	8.21
CSOP	—	—	—	—	—	—
Other public Shareholders:	<u>3,864,766,292</u>	<u>85.44</u>	<u>3,864,766,292</u>	<u>76.74</u>	<u>3,864,766,292</u>	<u>61.78</u>
Total:	<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>

Scenario 2

Assuming the 2013 CSOP Bonds are exercised in full at the Original Conversion Price, 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:

The effect on the shareholding structure of the Company upon full conversion of the 2013 PGI Bonds (assuming the 2013 CSOP Bonds are exercised in full at the Original Conversion Price):

	Existing shareholdings		Assuming full conversion of the 2013 PGI Bonds at the New Conversion Price, the 2013 CSOP Bonds at the Original 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, the 2013 CSOP Bonds at the Original Conversion Price and the WJX Convertible Bonds	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors:						
Mr Wu (Note 1)	657,000,000	14.53	657,000,000	12.87	1,906,000,000 (Note 3)	29.99 (Note 3)
To Wing Tim, Paddy (Note 2)	1,160,000	0.03	1,160,000	0.02	1,160,000	0.02
Bondholders:						
PGI	—	—	513,333,333	10.05	513,333,333	8.08
CSOP	—	—	70,000,000	1.37	70,000,000	1.10
Other public Shareholders:						
	<u>3,864,766,292</u>	<u>85.44</u>	<u>3,864,766,292</u>	<u>75.69</u>	<u>3,864,766,292</u>	<u>60.81</u>
Total:	<u><u>4,522,926,292</u></u>	<u><u>100.00</u></u>	<u><u>5,106,259,625</u></u>	<u><u>100.00</u></u>	<u><u>6,355,259,625</u></u>	<u><u>100.00</u></u>

Notes:

1. 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 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.
2. 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 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.

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.

GENERAL MANDATE

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 the general mandate which was approved by a resolution passed by the Shareholders at the Company's annual general meeting held on 1 June 2011. The Directors have not, prior to the date of the PGI Supplemental Deed, 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 PGI

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

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.

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

Hong Kong, 29 June 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.