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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)

VOLUNTARY ANNOUNCEMENT CAPITAL REDUCTION OF SHANXI JINYAN HUSCOKE ENERGY CO., LTD.,[#] BEING THE COMPANY'S NON-WHOLLY OWNED SUBSIDIARY

This announcement is made by Huscoke Resources Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The Company announces that 山西金岩和嘉能源有限公司 (Shanxi Jinyan Huscoke Energy Co., Ltd.[#]) (“**Shanxi Huscoke**”), a non-wholly owned subsidiary of the Company established in Shanxi Province of the People’s Republic of China (“**PRC**”), has been granted the approval from Department of Commerce, Shanxi Province for the reduction of Shanxi Huscoke’s registered capital from HK\$900,000,000 to HK\$715,000,000 (the “**Capital Reduction**”).

Shanxi Huscoke was established in the Shanxi Province of the PRC on 7 July 2008 with registered capital and paid-in capital of HK\$500,000,000 and HK\$455,000,000 respectively. Shanxi Huscoke applied for registered capital increment from HK\$500,000,000 to HK\$900,000,000 and the relevant capital change registration with the Shanxi Administration for Industry & Commerce was completed on 13 April 2010.

The shareholders of Shanxi Huscoke made several capital injections during the period from 13 April 2010 to 6 April 2012 and paid-in capital of Shanxi Huscoke increased from HK\$455,000,000 to HK\$715,000,000, which remains the same till the date of this announcement.

Due to the prolonged sluggish coke market and the weakening financial market in Shanxi, Shanxi Huscoke board of directors decided to reduce the registered capital of Shanxi Huscoke from HK\$900,000,000 to HK\$715,000,000 on 10 May 2016. The Capital Reduction application was made by Shanxi Huscoke and Department of Commerce, Shanxi Province granted the approval on 29 July 2016. On 6 June 2016, Shanxi Administration for Industry & Commerce granted a new business

license with registered capital of HK\$715,000,000 to Shanxi Huscoke and on 3 August 2016, The People's Government of Shanxi Province granted a new Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the PRC to Shanxi Huscoke.

The Group is principally engaged in (i) trading of coke; (ii) coal-related ancillary business; and (iii) coke production business.

The main business scope of Shanxi Huscoke is supply of coke. However, given the downturn of the macro economy in the past year which leads to a sluggish growth on the global and local market for the coal trading business as well as the deteriorating operating environment of Shanxi City, the Company considers that the Capital Reduction is in the interest of the Company and its shareholders as a whole as it allows the Group to minimise risks and uncertainties of the slowing down coke industry and to reserve its resources for other business opportunities.

The English transliteration of the Chinese name in this announcement, where indicated, is included for information only, and should not be regarded as the official English name of such Chinese name.

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

Hong Kong, 25 August 2016

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