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HUSCOKE HOLDINGS LIMITED

和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

INSIDE INFORMATION AND ANNOUNCEMENT IN RELATION TO THE ESTIMATED ANNUAL RESULTS FOR 2019

This announcement is made by Huscoke Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, the Board expects that there will record a significant diminution of net profit of the Group for the year 2019 (subject to the finalization of the audit works) comparing with that of 2018. Based on the information currently available, the major reasons of the profit diminution are: (i) despite the increment of trading revenue of the Group generated in the year ended 31 December 2019 as compared to the year ended 31 December 2018, the declining market price of coke products due to the impact of the domestic market in PRC and the comparative steadiness of raw material costs, have both caused the deprivation of trading gross profit by around 30%; and (ii) the significant reversal of impairment loss resulted for the year 2018 would unlikely recur again in the year 2019.

The Group has adopted appropriate measures to reduce the procurement cost of raw materials, manufacturing expenses and various expenses; and to strengthen operation management in order to improve profitability. Meanwhile, the Group will proactively pursue and implement the procedures of disclosed merger and acquisition project with the aim of establishing a leading position in the market and to escalate the consolidated profit level of the industrial chain. Despite the net profit for the year of 2019 is expected to decrease, the Board reckons that the Group’s overall operation and financial positions are continuing healthy. With the gradual positive influence of national policies promulgated for the coke industry, the Group will thrive to attain favorable market competitiveness. The Company will endeavor to create values for shareholders in a long-term and sustainable approach.

The information contained in this announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group by the Company. Such information has not been audited or reviewed by the Company's auditors and/or the Audit Committee of the Board and therefore may be subject to adjustment.

Shareholders of the Company and potential investors should be cautious when dealing in the securities of the Company.

By order of the Board of
Huscoke Holdings Limited
Zhao Xu Guang
Chairman and Executive Director

Hong Kong, 7 February 2020

As at the date of this announcement, the Board comprises Mr. Zhao Xu Guang (Chairman), Mr. Li Qinghua and Mr. Wang Yijun as executive Directors; Mr. Wong Siu Hung, Patrick, Mr. Huang Man Yem and Mr. Jiang Jiansheng as non-executive Directors; Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin as independent non-executive Directors.