HUSCOKE HOLDINGS LIMITED
和嘉控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 704)

ANNOUNCEMENT OF RESULTS FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2023

RESULTS HIGHLIGHTS

- Profit for the fifteen months ended 31 March 2023 was HK$1,248,861,000.
- Profit attributable to owners of the Company was HK$1,250,165,000.
- Basic earnings per share was HK$4.35.
- As at 31 March 2023, the net assets amounted to HK$1,188,982,000.
- The net assets per share was HK$4.14.

The board (the "**Board**") of directors (the "**Directors**") of Huscoke Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the fifteen months ended 31 March 2023 together with the relevant comparative figures for the last financial year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the fifteen months ended 31 March 2023

	Notes	**Period from 1 January 2022 to 31 March 2023** *HK$'000*	Year ended 31 December 2021 *HK$'000*
REVENUE	*4*	**34,726**	866,602
Cost of sales		**(125,638)**	(753,868)
Gross (loss)/profit		**(90,912)**	112,734
Other income and gains, net	*4*	**340,605**	235,183
Gain on disposal of subsidiaries	*16(b)*	**1,693,981**	–
Selling and distribution costs		**(1,565)**	(1,417)
Administrative expenses		**(114,007)**	(99,920)
Finance costs	*5*	**(157,108)**	(113,936)
Other operating expenses, net	*6*	**(34,316)**	(154,157)
PROFIT/(LOSS) BEFORE TAX	*6*	**1,636,678**	(21,513)
Income tax	*7*	**(387,817)**	(9,669)
PROFIT/(LOSS) FOR THE PERIOD/YEAR		**1,248,861**	(31,182)
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences on translation of foreign operations:			
Exchange differences arising on translation of foreign operations		**(11,571)**	(2,009)
Reclassification of foreign currency translation reserve upon disposal of subsidiaries		**(82,026)**	–
Other comprehensive expenses for the period/year, net of tax		**(93,597)**	(2,009)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD/YEAR		**1,155,264**	(33,191)

	Notes	Period from 1 January 2022 to 31 March 2023 *HK$'000*	Year ended 31 December 2021 *HK$'000*
PROFIT/(LOSS) FOR THE PERIOD/ YEAR ATTRIBUTABLE TO:			
Owners of the Company		**1,250,165**	(31,259)
Non-controlling interests		**(1,304)**	77
		1,248,861	(31,182)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE PERIOD/YEAR ATTRIBUTABLE TO			
Owners of the Company		**1,155,600**	(32,824)
Non-controlling interests		**(336)**	(367)
		1,155,264	(33,191)
PROFIT/(LOSS) PER SHARE			
Basic	*8*	**HK$4.35**	(HK$0.11)
Diluted	*8*	**HK$4.35**	(HK$0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Notes	31 March 2023 HK$'000	31 December 2021 HK$'000
Non-Current Assets			
Property, plant and equipments	*10*	**1,778,913**	1,234
Financial assets at fair value through profit or loss		**1,508**	1,508
Trade receivables	*11*	**–**	283,816
Prepayments, deposits and other receivables	*12*	**–**	1,274,277
Total non-current assets		**1,780,421**	1,560,835
Current Assets			
Inventories		**–**	3,111
Trade receivables	*11*	**–**	494,706
Prepayments, deposits and other receivables	*12*	**129,064**	154,849
Cash and bank balances		**601**	7,903
Total current assets		**129,665**	660,569
Current Liabilities			
Trade payables	*14*	**–**	482,566
Other payables, accruals and deposit received	*15*	**59,199**	977,621
Bank and other borrowings		**218,188**	733,863
Lease liabilities		**2,717**	1,417
Financial guarantee contracts		**–**	148,210
Tax payable		**76,500**	16,546
Total current liabilities		**356,604**	2,360,223
Net current liabilities		**(226,939)**	(1,699,654)
Total assets less current liabilities		**1,553,482**	(138,819)

	Notes	**31 March 2023** **HK$'000**	31 December 2021 HK$'000
Non-Current Liabilities			
Other payables, accruals and deposit received	*15*	**58,504**	–
Deferred income	*15*	**–**	5,521
Lease liabilities		**–**	7,617
Tax payable		**305,996**	–
Deferred tax liability		**–**	6,135
Total non-current liabilities		**364,500**	19,273
Net assets/(liabilities)		**1,188,982**	(158,092)
Equity			
Equity attributable to owners of the Company			
Share capital		**28,707**	28,707
Reserves		**982,660**	(172,940)
		1,011,367	(144,233)
Non-controlling interests		**177,615**	(13,859)
Total equity/(deficit)		**1,188,982**	(158,092)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fifteen months ended 31 March 2023

1. CORPORATE INFORMATION

Huscoke Holdings Limited was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The registered office at the end of the reporting period is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the principal office at the end of the reporting period is located at Room 2301, 23/F., Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.

At 31 March 2023, the directors consider that the immediate and ultimate controlling party of the Group to be Shun Wang Investments Limited, a company incorporated in British Virgin Islands and Mr. Zhao Xu Guang, a director of the Company, respectively.

During the period, the Company and its subsidiary (collectively, the "**Group**") were involved in the following activities: (i) coke trading business; (ii) coal-related ancillary business; and (iii) coke production business.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**"), unless otherwise stated.

The current financial statements cover a fifteen-month period ended 31 March 2023 and the comparative financial statements cover a twelve-month year ended 31 December 2021. The comparative amounts are, therefore, not entirely comparable.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

The Group has recorded a net operating cash outflow of approximately HK$1,608,000 for the fifteen months ended 31 March 2023 and as at 31 March 2023 the Group had net current liabilities of approximately HK$226,939,000. Further, no revenue was generated from the new operating assets up to date, which bring significant impacts on the Group's operations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to make the new operating assets in full operation on schedule, the completion of the fund-raising activities and the success in delaying the payments by persuading its creditors of the Group not to insist on demanding repayment before the full operation of the Group's new operating assets. The consolidated financial statements do not include any adjustments that would result from the failure to make the new operating assets in full operation on schedule, to complete the fund-raising activities and to delay the repayments.

The directors of the Company ("**Directors**") have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. OPERATING SEGMENTS INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

(a) the coke trading segment – purchases and sales of coke and coal;

(b) the coal-related ancillary segment – washing of raw coal into refined coal for sale and for further processing, and sale of electricity and heat which are generated as the by-products during the washing of raw coal; and

(c) the coke production segment – processing of refined coal into coke for sales, and sale of coke by-products that are generated during coke production.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated other income, corporate and administrative expenses, other operating income, finance costs and income tax expense are excluded from such measurement.

Segment assets exclude cash and bank balances, restricted bank deposits, financial assets at fair value through profit or loss, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings, lease liabilities, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted at cost plus a certain percentage of mark-up.

Segment revenue and results

For the fifteen months ended 31 March 2023

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue:					
– external sale	–	34,726	–	–	34,726
– intersegment sale	–	–	–	–	–
Other income	–	28,336	–	–	28,336
Total	–	63,062	–	–	63,062
Segment results	–	(64,141)	–	–	(64,141)
Unallocated other income					4,460
Compensation income					41,367
Interest income arising in other receivables					129,752
Imputed interest income of amount due to a former subsidiary					12,058
Amortisation on financial guarantee contracts					124,632
Gain on disposal of subsidiaries					1,693,981
Impairment loss for prepayments, deposits and other receivables					(34,316)
Corporate administrative expenses *(Note)*					(114,007)
Finance costs					(157,108)
Profit before tax					1,636,678
Income tax expense					(387,817)
Profit for the period					1,248,861
Segment assets	–	–	1,776,167	133,919	1,910,086
Segment liabilities	–	–	–	721,104	721,104
Other segment information:					
Additions of property, plant and equipment	–	–	1,776,167	5,835	1,782,002
Depreciation	–	–	–	4,323	4,323

For the year ended 31 December 2021

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke production *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue:					
– external sale	–	81,517	785,085	–	866,602
– intersegment sale	–	16,515	–	(16,515)	–
Other income	–	41,902	–	–	41,902
Total	–	139,934	785,085	(16,515)	908,504
Segment results	–	1,526	62,650	–	64,176
Unallocated other income					5,473
Compensation income					8,703
Amortisation on financial guarantee contracts					56,814
Loss allowance on financial guarantee contracts					(61,146)
Impairment loss for trade receivables					(1,448)
Impairment loss for prepayments, deposits and other receivables					(825)
Interest income arising in other receivables					122,289
Corporate administrative expenses *(Note)*					(101,613)
Finance costs					(113,936)
Loss before tax					(21,513)
Income tax expense					(9,669)
Loss for the year					(31,182)
Segment assets	–	67,866	741,141	1,412,397	2,221,404
Segment liabilities	–	581,116	29,160	1,769,220	2,379,496
Other segment information:					
Additions of property, plant and equipment	–	–	427	2	429
Depreciation	–	112	6,201	5,489	11,802
Impairment on property, plant and equipment	–	1,240	76,740	12,758	90,738

Note: Unallocated corporate administrative expenses mainly include corporate's staff cost and Directors' remuneration, legal and professional fee, PRC local tax and depreciation of unallocated property, plant and equipment.

Geographical information

(a) Revenue from external customers

In presenting the geographical information, revenue is all derived from the PRC. The revenue information is based on the locations of the customers.

(b) Non-current assets

	31 March 2023	31 December 2021
	HK$'000	*HK$'000*
Hong Kong	**2,746**	1,234
The PRC	**1,776,167**	–
	1,778,913	1,234

The non-current asset information is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenues from external customers individually contributing 10% or more of the total revenue from the Group are as follows:

	Period from 1 January 2022 to 31 March 2023	Year ended 31 December 2021
	HK$'000	*HK$'000*
Customer A	***N/A**	483,861
Customer B	***N/A**	120,424
Customer C	***N/A**	92,722
Customer D	**20,836**	*N/A

* These customers did not individually contribute 10% or more of the total revenue from Group in the fifteen months ended 31 March 2023 or the year ended 31 December 2021.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year. An analysis of revenue and other income and gains are as follows:

	Period from 1 January 2022 to 31 March 2023 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Revenue		
Sales of electricity and heat	**34,726**	81,517
Sales of medium coal, coke and by-products	**–**	785,085
	34,726	866,602

The revenue is recognised at a point in time.

Other income and gains, net		
Compensation income *(Note a)*	**41,367**	8,703
Interest income from bank deposits	**2**	2
Interest income from related companies	**–**	12,043
Interest income from the non-controlling shareholder of a subsidiary	**39,421**	40,657
Interest charged back to Jinyan Electricity related borrowing *(Note b)*	**90,331**	69,589
Imputed interest income of amount due to a former subsidiary *(Note 13(c))*	**12,058**	–
Governments grant *(Note c)*	**28,336**	41,902
Sundry income	**4,458**	5,473
Amortisation on financial guarantee contracts	**124,632**	56,814
	340,605	235,183

Notes:

(a) In 2019, the Group paid a trade deposit of US$22,000,000 to Shanxi Jinyan Energy Technology Company Limited*（山西金岩能源科技有限公司）("**Energy Technology**") for the coke trading business. However, due to the downtrend of international coke price, both parties agreed to terminate the plan and Energy Technology agreed to refund such trade deposit by instalment with compensation to the Group. Upon the completion of the acquisition of a new subsidiary, Shanxi Jinyan Energy Jiarun Co., Ltd*（山西金岩能源嘉潤有限責任公司）("**Energy Jiarun**"), on 18 January 2023, Energy Technology became a non-controlling shareholder of a subsidiary of the Group at 31 March 2023.

(b) The interests were derived from the unrecorded loans and the relevant accrued interests in relation to the incident caused by Xiaoyi Jinyan Electricity Coke Chemical Company Limited*（孝義市金岩電力煤化工有限公司）("**Jinyan Electricity**"), being the 9% minority shareholder of GRG Huscoke (Shanxi) Limited*（山西金岩和嘉能源有限公司）("**GRG Huscoke**") (the "**Incident**"). Details of which are set out in the Company's annual report for the year ended 31 December 2020 and the Company's announcement dated 18 January 2022 and 26 May 2022.

(c) Government grant have been received for supplying heat in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

* *For identification purpose only*

5. FINANCE COSTS

	Period from 1 January 2022 to 31 March 2023 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Interest expenses on other borrowings	**35,917**	19,488
Interest expenses on lease liabilities	**702**	558
Imputed interest expenses on amount due to a former subsidiary *(Note 13(c))*	**1,854**	–
Interest expenses on Jinyan Electricity related borrowing	**114,545**	69,589
Interest expenses on other payables	**4,090**	24,301
	157,108	113,936

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Period from 1 January 2022 to 31 March 2023 *HK$'000*	Year ended 31 December 2021 *HK$'000*
Auditor's remuneration	**1,000**	1,300
Cost of inventories	**125,638**	753,868
Depreciation		
– Owned	**639**	7,533
– Right-of-use assets	**3,684**	4,269
Employee benefit expense (including Director's remuneration):		
– Wages and salaries	**31,923**	42,209
– Pension scheme contributions *(Note a)*	**6,895**	11,673
Total employee benefit expenses	**38,818**	53,882
Loss on disposal of property, plant and equipment	**–**	1,320
Loss on written-off of inventories	**–**	12,180
Provision of loss allowance of trade receivables, net *(Note b)*	**–**	1,448
Provision of loss allowance of prepayments, deposits and other receivables, net *(Note b)*	**34,316**	825
Impairment loss on property, plant and equipment *(Note b)*	**–**	90,738
Loss allowance on financial guarantee contracts *(Note b)*	**–**	61,146

Notes:

(a) As at 31 March 2023 and 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

(b) These balances are included in "Other operating expenses, net" in the consolidated profit or loss.

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made as there were no assessable profits arising in Hong Kong during the fifteen months ended 31 March 2023 and the year ended 31 December 2021.

The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates of 25% on the estimated assessable profits for the year based on existing legislation, interpretations and practices.

	Period from 1 January 2022 to 31 March 2023	Year ended 31 December 2021
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – The PRC		
Provision for the period/year	**387,817**	–
	387,817	–
Deferred tax expenses for the period/year	**–**	9,669
	387,817	9,669

8. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share

The calculation of basic profit/(loss) per share attributable to owners of the Company is based on the profit/(loss) for the period/year attributable to owners of the Company of approximately HK$1,250,165,000 (2021: loss of HK$31,259,000) and the weighted average number of ordinary shares of 287,071,349 (2021: 287,071,349) in issue during the period.

Diluted profit/(loss) per share

No diluted profit/(loss) per share are presented as the Company did not have any dilutive potential ordinary sharing during the fifteen months ended 31 March 2023 and the year ended 31 December 2021.

9. DIVIDEND

The board of Directors does not recommend the payment of any dividend for the fifteen months ended 31 March 2023 (2021: Nil).

10 PROPERTY, PLANT AND EQUIPMENT

	Building	Other properties leased for own use carried at cost	Leasehold improvement	Furnaces and infrastructure	Plant and machinery	Computer equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost										
At 1 January 2021	371,528	20,038	1,653	527,209	621,500	75,301	408	44,879	–	1,662,516
Additions	–	–	–	–	427	–	2	–	–	429
Disposals	–	–	–	–	(1,661)	(417)	–	(22,065)	–	(24,143)
Exchange realignment	12,295	343	–	17,446	20,547	2,484	–	1,002	–	54,117
At 31 December 2021 and 1 January 2022	383,823	20,381	1,653	544,655	640,813	77,368	410	23,816	–	1,692,919
Additions	–	5,772	–	–	–	63	–	–	–	5,835
Acquisition of subsidiaries *(note 16(a))*	–	–	–	–	–	–	–	–	1,776,167	1,776,167
Disposal of subsidiaries	(357,513)	(9,669)	–	(507,321)	(596,887)	(72,065)	–	(18,701)	–	(1,562,156)
Transfer	–	(9,977)	–	–	–	–	–	–	–	(9,977)
Exchange realignment	(26,310)	(734)	–	(37,334)	(43,926)	(5,303)	–	(1,376)	–	(114,983)
At 31 March 2023	–	5,773	1,653	–	–	63	410	3,739	1,776,167	1,787,805
Accumulated depreciation and impairment										
At 1 January 2021	338,696	7,582	1,653	477,128	617,364	74,257	292	41,684	–	1,558,656
Charge for the year	2,591	4,269	–	2,834	613	323	81	1,091	–	11,802
Written back on disposals	–	–	–	–	(634)	(409)	–	(20,962)	–	(22,005)
Impairment loss	30,783	7,770	–	48,074	2,994	730	–	387	–	90,738
Exchange realignment	11,753	202	–	16,619	20,476	2,467	–	977	–	52,494
At 31 December 2021 and 1 January 2022	383,823	19,823	1,653	544,655	640,813	77,368	373	23,177	–	1,691,685
Charge for the period	–	3,684	–	–	–	35	4	600	–	4,323
Written back on disposal of subsidiaries	(357,513)	(9,669)	–	(507,321)	(596,887)	(72,065)	–	(18,701)	–	(1,562,156)
Transfer	–	(9,977)	–	–	–	(29)	29	–	–	(9,977)
Exchange realignment	(26,310)	(734)	–	(37,334)	(43,926)	(5,303)	–	(1,376)	–	(114,983)
At 31 March 2023	–	3,127	1,653	–	–	6	406	3,700	–	8,892
Carrying amount										
At 31 March 2023	–	2,646	–	–	–	57	4	39	1,776,167	1,778,913
At 31 December 2021	–	558	–	–	–	–	37	639	–	1,234

11. TRADE RECEIVABLES

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
Trade receivables:		
– third parties	–	644,941
– non-controlling shareholder of a subsidiary *(Note 13)*	–	234,228
– related companies *(Note 13(c))*	–	49,588
	–	928,757
Less: Loss allowance	–	(150,235)
	–	778,522
Less: Current portion	–	(494,706)
Non-current portion	–	283,816

The ageing analysis of the trade receivables (net of loss allowance) by invoice date at the end of the reporting period is as follows:

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
Within 3 months	–	242,285
3 to 4 months	–	44,711
Over 4 months	–	491,526
	–	778,522

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
Prepayments, deposits and other receivables due from third parties	**25,699**	113,624
Other receivables due from the non-controlling shareholder of a subsidiary *(Note 13)*	**–**	363,077
Borrowing for and related interest charged back to Jinyan Electricity *(Note 13)*	**–**	785,612
Prepayments and other receivables due from related companies *(Note 13(c))*	**–**	125,588
Trade deposits and other receivables from Energy Technology *(Note 13)*	**161,679**	137,592
Less: Loss allowance	**(58,314)**	(96,367)
	129,064	1,429,126
Less: Current portion	**(129,064)**	(154,849)
Non-current portion	**–**	1,274,277

13. AMOUNT DUE FROM THE NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
Trade receivables *(Note 11) (Notes a and c)*	**–**	234,228
Other receivables *(Note 12) (Notes b and c)*	**–**	363,077
Borrowing for and related interest charged back to Jinyan Electricity *(Note 12)*	**–**	785,612
Trade deposits and other receivables from Energy Technology *(Note 12)*	**127,363**	–
	127,363	1,382,917
Less: Current portion	**(127,363)**	–
Non-current portion	**–**	1,382,917

Notes:

(a) The balances are trade in nature and non-interest-bearing.

(b) The balances are advances to the non-controlling shareholder, which are non-interest bearing and repayable on demand.

(c) On 31 December 2018, GRG Huscoke, an indirect 90%-owned subsidiary of the Company, entered into a debt transfer agreement with Jinyan Electricity, Xiaoyi ILNG Natural Gas Production Company Limited*（孝義市愛路恩濟天然氣製造有限公司）(“**Xiaoyi ILNG**”) and Energy Technology (the “**Debt Assignee**”), and Mr. Wen Kezhong*（溫克忠先生）, pursuant to which GRG Huscoke, the Jinyan Electricity and Debt Assignee agreed to assign the trade and other receivables from the Jinyan Electricity of approximately RMB365,826,000 (equivalent to approximately HK$411,627,000) together with aggregate amounts due from its affiliates of approximately RMB36,477,000 (equivalent to approximately HK$41,044,000) to the Debt Assignee (together the “**Assigned Debt**”) (the “**Debt Assignment**”).

Further details of the Debt Assignment are set out in the Company’s announcement dated 3 January 2019. The Debt Assignment is only pursuable subject to the fulfillment of certain conditions including the approval from the Stock Exchange and the approval of shareholders of the Company at a special general meeting (“**SGM**”). According to the Debt Assignment, the Assigned Debt is interest-bearing at 5% p.a. and the Debt Assignee shall repay the Assigned Debt within 1 year from the date of the Debt Assignment together with accrued interest. A conversion right is also granted to the JV Subsidiary which can partially or fully convert the Assigned Debt to not more than 12% of the enlarged registered capital of the Debt Assignee by subscription of new registered capital or transfer of existing registered capital held by Xiaoyi ILNG within 1 year from the date of the Debt Assignment. The Assigned Debt is secured by 12% registered capital of the Debt Assignee held by Xiaoyi ILNG and the personal guarantee from Mr. Wen Kezhong*（溫克忠先生）.

Reference is made to the announcement of the Company dated 5 November 2019, the Company entered into a new framework agreement (“**New Framework Agreement**”) with GRG Huscoke, Jinyan Electricity, Xiaoyi Jianeng Coal Chemical Technology Development Company Limited*（孝義市嘉能煤化科技開發有限公司）, Energy Technology, Xiaoyi ILNG, Mr. Yang Linhai*（楊林海先生）and Mr. Wu Tangjun*（武堂俊先生）pursuant to which the Company and/or designated company within the Group intend to acquire and to subscribe for the share capital of Energy Technology such that the Company will be interested in a controlling shareholding stake of more than 50% of the enlarged share capital of Energy Technology.

Pursuant to the New Framework Agreement, the parties shall negotiate and enter into formal agreement(s) pursuant to the major business terms, as set out under the New Framework Agreement. Subject to the entering into of the relevant formal agreement(s), one of the major business term is Jinyan Electricity, Energy Technology and GRG Huscoke intend to update the amount of the Assigned Debt from approximately RMB402,303,000 as at 30 June 2018 to approximately RMB448,087,000 as at 30 June 2019 and the GRG Huscoke shall be entitled with a conversion right to convert the indebtedness into not less 12% of the enlarged issued share capital of Energy Technology. The final conversion percentage will be subject to the valuation of Energy Technology.

New Framework Agreement is subject to the fulfillment of certain conditions including the approval from the Stock Exchange and the approval of shareholders of the Company at a SGM.

Reference is made to the announcement of the Company dated 17 September 2020, the Company entered into the termination agreement with GRG Huscoke, Jinyan Electricity, Xiaoyi ILNG, Mr. Yang Linhai and Mr. Wu Tangjun pursuant to which the parties agreed to terminate the Debt Assignment. The Company has entered into Merger and Acquisition Framework Agreement (the “**M&A Framework Agreement**”) with the GRG Huscoke and a target company, pursuant to which the Company and/or the Company may through direct investment and/or establishment of a merger and acquisition fund (the “**M&A Fund**”) may acquire and subscribe for more than 50% of the enlarged share capital of Energy Technology.

If the transactions under the M&A Framework Agreement materialises, upon completion of the transactions, the Company and/or the M&A Fund is expected to hold more than 50% of enlarged share capital in Energy Technology.

On 26 March 2021, the Group entered into a cooperation agreement with Energy Technology and Jinyan Electricity ("**Cooperation Agreement**") pursuant to which GRG Huscoke entrusts Energy Technology for the construction of a new coking furnace which has a height of 7.1 meters with annual production capacity of at least 600,000 tons of coke at a total investment amount of approximately RMB600,000,000 (equivalent to HK$712,560,000). Energy Technology agreed to undertake the receivables and interests receivables due from Jinyan Electricity and its related parties by GRG Huscoke and GRG Huscoke agreed that Energy Technology shall settle the aforesaid construction project by these receivables.

On 15 March 2022, the Company subsequently entered into an agreement ("**Agreement**") and a debt transfer agreement ("**Debt Transfer Agreement**") with GRG Huscoke, Energy Technology, Jinyan Electricity and Xiaoyi ILNG to modify and supplement the terms of the Cooperation Agreement with the inclusion of remedy and compensation actions as a result of the Incident. Pursuant to the Debt Transfer Agreement, Energy Technology agrees to undertake all the receivables and interests receivables due from Jinyan Electricity and its related parties by GRG Huscoke (the "**Receivables**"). Under the circumstances that any contingent liabilities arising in the Incident have subsequently occurred and are to be recognised, Energy Technology and Jinyan Electricity will be obligated to compensate the contingent liabilities to GRG Huscoke by the way of increasing GRG Huscoke's receivable due from Energy Technology in the same amount as the contingent liabilities.

Pursuant to the Agreement, Energy Technology will unconditionally transfer not less than 90% of the equity interests of Energy Jiarun, which owned two 7.1-meter top-loading coking furnaces with an aggregate annual production capacity being not less than 1,200,000 tons of coke, to the Group as the compensation of the Incident to the Company and GRG Huscoke. The potential transaction contemplated under the Cooperation Agreement and the Agreement is subject to the fulfilment of certain conditions including the approval from the Stock Exchange and the approval of shareholders of the Company at a SGM. The Company's interest in Energy Jiarun will offset the total Receivables upon the completion of the aforesaid transfer of equity interests. As such, the receivables due from the non-controlling shareholder of a subsidiary were classified as non-current assets as at 31 December 2021 as it is expected that the receivables will be settled by other non-current assets.

Since Shanxi Huscoke International Energy Co., Ltd*（山西和嘉國際能源有限公司）("**Shanxi Huscoke**") will receive the equity interests in Energy Jiarun at the expense of offsetting the total Receivables payable to GRG Huscoke, the abovementioned transactions will incidentally result in the outstanding balance payable by the new subsidiary to GRG Huscoke in the same amount as the total Receivables.

To facilitate the Disposal and as an intergroup arrangement, on 26 July 2022, the new subsidiary and GRG Huscoke entered into an agreement (the "**Waive Agreement**"), pursuant to which GRG Huscoke will waive the new subsidiary the outstanding balance to a remaining amount of RMB60,000,000. All the conditions precedent under the Waive Agreement have been fulfilled and the completion of the Waive took place on 29 March 2023 in accordance with the terms and conditions of the Waive Agreement. Accordingly, gain on such waiver was included in gain on disposal of subsidiaries for the fifteen months ended 31 March 2023.

* *For identification purpose only*

14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting periods, based on the invoice date, is as follows:

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
Within 3 months	**–**	178,120
3 to 4 months	**–**	66,217
Over 4 months	**–**	238,229
	–	482,566

15. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED AND DEFERRED INCOME

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
Other payables and accrued charges	**59,199**	225,399
Amount due to a former subsidiary	**58,504**	–
Dividend payables to non-controlling shareholders	**–**	6,135
Contract liabilities *(Note a)*	**–**	149,914
Deferred income *(Note b)*	**–**	5,521
Interest payable for Jinyan Electricity related borrowing	**–**	269,937
Other tax payable	**–**	230,235
Tax penalty payable	**–**	96,001
	117,703	983,142
Less: Current portion	**(59,199)**	(977,621)
Non-current portion	**58,504**	5,521

Notes:

(a) The movements of contract liabilities from contracts with customers within HKFRS 15 during the period are as follows:

	31 March 2023 *HK$'000*	31 December 2021 *HK$'000*
At beginning of the reporting period	**149,914**	169,335
Recognised as revenue	**(29,810)**	(101,353)
Receipt of advances	**–**	76,730
Disposal of subsidiaries	**(110,237)**	–
Exchange realignment	**(9,867)**	5,202
At end of the reporting period	**–**	149,914

Transaction prices allocated to performance obligations unsatisfied at the end of the reporting period and expected to be recognised as revenue in:

	31 March 2023	31 December 2021
	HK$'000	*HK$'000*
2022	**–**	149,914
	–	149,914

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(b) Deferred income represented government grant to subsidiaries in the PRC with attaching conditions to be complied with, in respect of the construction of atmospheric monitoring system, which will be recognised as other income when all the required conditions are complied with.

16. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES

(a) Acquisitions of subsidiaries

Reference is made to the announcement of the Company on 24 March 2023, on 12 January 2023, Shanxi Huscoke and Energy Technology, has entered into a shareholder agreement (the "**Shareholder Agreement**") to set out the obligations of the shareholders of Energy Jiarun, including but not limited to, that (i) all the directors of Energy Jiarun shall be solely appointed by Shanxi Huscoke; (ii) Energy Technology is obligated to grant Energy Jiarun all the necessary license and permit for the operation of Energy Jiarun, including but not limited to the operating license, the administrative permit and the right of use of the land, etc.; and (iii) Energy Technology is obligated to grant Energy Jiarun the right of use of the public auxiliary facilities within the useful life of the equipment. On 7 March 2023, Energy Technology has issued a confirmation letter to confirm that it will comply with terms of the Shareholder Agreement and has forfeited the rights to nominate any board member or senior management of Energy Jiarun.

On 18 January 2023, Energy Technology completed the equity transfer of 90% equity interest in Energy Jiarun to Shanxi Huscoke. The Board has confirmed the completion of the Cooperation Agreement and the Agreement by (i) appointed an independent certified public accountant in PRC to verify the accounts of Energy Jiarun; and (ii) appointed an independent lawyer in PRC to issue an independent legal opinion.

(b) Disposal of subsidiaries

On 26 July 2022, the Group and Mr. Yang Ge, the legal representative of GRG Husocke, have entered into a disposal agreement, pursuant to which, among other matters, the Group conditionally agreed to sell and Mr. Yang conditionally agreed to acquire the entire equity interest of Joy Wisdom International Limited ("**Disposal Company**"), a wholly-owned subsidiary of the Company, and the entire amount of the loan owed by the Disposal Company to the Company for a cash consideration of HK$1 ("**Very Substantial Disposal**").

Reference is made to the announcement of the Company dated 13 April 2023, the completion of the Very Substantial Disposal took place on 30 March 2023. Upon completion of the Disposal, the Disposal Company has ceased to be a subsidiary of the Group and the financial results of the Disposal Company will no longer be consolidated into the financial statements of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF FINANCIAL YEAR END DATE

As disclosed in the Company's announcement dated 19 December 2022, the Board resolved to change the financial year end date of the Company from 31 December to 31 March. Immediately following such change, the financial year end date of the Company was 31 March 2023 and the audited consolidated financial statements of the Group to be published cover the period of 15 months commencing on 1 January 2022 and ending on 31 March 2023. Please refer to the above mentioned announcement for details.

BUSINESS REVIEW

The Company shut down its two coking furnaces with an annual production capacity of 600,000 tons of coke in accordance with the requirements of the national environmental policy during the reporting period, and therefore the Company did not have any coke production or business operation during the reporting period.

As the Company delayed the publication of its 2020 financial results, especially when it identified Possible Loan during the audit process, the trading of the Company's shares had been suspended since 29 March 2021. In order to protect the interests of the Company and its shareholders as a whole, the Board concentrated its efforts and resources on resuming the trading of the Company's shares in accordance with the resumption guidance of the Stock Exchange during the year, and mainly completed, among others, the investigation on Possible Loan, the Loans and Contingent Liabilities (the "**Incident**"), the resumption of coke production business and coking furnace assets and the publication of financial results.

The Company engaged Da Tong Law Office of Guang Dong to perform independent investigation in relation to the Incident, and has concluded the basic facts and the legal nature of the Incident to assess its impact on the Company's business operation and financial condition. Based on the investigation results on the Incident and the PRC legal opinion, the Company considers that the remedial measures and compensation actions taken on the Incident are in the interests of the Company and its shareholders as a whole.

The auditor of the Company has also performed an independent audit on the Incident. The Company has published its audited annual results announcements for the years ended 2020 and 2021 on 28 July 2022.

To address the impact due to the shut down of the old coking furnaces on the Company and resume coke production and business operation, the Company had entrusted Energy Technology for the construction of a coking furnace with capacity of 600,000 tons of coke, and as a continuation of such entrusted construction, and taking into account the remedial and compensation measures on the Incident, the Company entered into the Agreement on 15 March 2022, pursuant to which, Energy Technology agreed to deliver to the Company the two 7.1-meter top-loading coking furnaces with an aggregated annual production capacity being not less than 1,200,000 tons of coke, including the coking furnace entrusted for construction by the Company. Furthermore, the Company entered into the Disposal Agreement on 26 July 2022 to dispose of the Disposal Group and carve out GRG Huscoke, being one of the entities involved in the Incident.

The Company has completed the aforesaid VST and VSD on 18 January 2023 and 30 March 2023, respectively. Since then, the Company has been operating its new coking furnace assets through Energy Jiarun to resume its coke production and business operation. The Company increased its annual coke production capacity to 1,200,000 tons and the standard of coking furnaces to a height of 7.1 meters, which is in the leading position in the coke manufacturing industry of the PRC. The new coking furnace assets will provide the Company with core competitive advantages in terms of output, quality and pricing, improve the Group's overall productivity and operating performance, expand production scale to more than double than the original and drive the Group's profitability and provide a solid foundation of the Group's development in future.

After unremitting efforts of the Board and the management of the Group, the Company successfully satisfied all resumption guidance of the Stock Exchange and trading of the Group's shares has been resumed from 9 a.m. on 14 April 2023.

FINANCIAL REVIEW

Consolidated operating performance

Total revenue of the Group for the fifteen months ended 31 March 2023 ("**this Reporting Period**") was approximately HK$34,726,000 as compared to approximately HK$866,602,000 for the year ended 31 December 2021 ("**the Previous Reporting Period**"). The gross loss for this Reporting Period amounted to approximately HK$90,912,000 (the Previous Reporting Period: gross profit amounted to approximately HK$112,734,000), and the Group recorded a gross loss margin of approximately 261.8% for this Reporting Period as compared to gross profit margin of approximately 13.00% in the Previous Reporting Period. Profit after tax for this Reporting Period was approximately HK$1,248,861,000 (the Previous Reporting Period: loss after tax was approximately HK$31,182,000), and profit attributable to owners of the Company amounted to approximately HK$1,250,165,000 (the Previous Reporting Period: loss attributable to owners of the Company amounted to approximately HK$31,259,000). Basic profits per share for this Reporting Period was HK$4.35, as compared to the basic losses per share of HK$0.11 in the Previous Reporting Period.

The Group is principally engaged in three business segments, namely: (i) trading of coke (the "**Coke Trading Segment**"); (ii) washing of raw coal into refined coal for sale and for further processing and the sale of electricity and heat generated as byproducts produced during the washing of raw coal (the "**Coal-related Ancillary Segment**"); and (iii) processing of refined coal into coke for sale, and sale of coke by-products of coke production (the "**Coke Production Segment**").

Coke Trading Segment

During this Reporting Period, the Group has not generated revenue from Coke Trading Segment (2021: Nil), and the Group had no segment results of coke trading for two consecutive reporting periods, which results from the suspension of coke trading business from 2021.

Coal-related Ancillary Segment

The Group's external revenue from the Coal-related Ancillary Segment for this Reporting Period amounted to approximately HK$34,726,000, as compared to that of approximately HK$81,517,000 in the Previous Reporting Period. The Group's segment loss of Coal-related Ancillary Segment for this Reporting Period was approximately HK$64,141,000, compared to segment profit of approximately HK$1,526,000 in the Previous Reporting Period. The increase in segment loss was mainly due to the revenue from sales of power and heat energy decreased significantly, and also increased costs of sales caused by external sourcing of coal.

Coke Production Segment

The Group has not generated revenue from the Coke Production Segment for this Reporting Period, as compared to that of approximately HK$785,085,000 in the Previous Reporting Period. The Group has no segment results for this Reporting Period from the coke production, as compared to that segment results of approximately HK$62,650,000 in the Previous Reporting Period. The difference was due to the shut down of all 4.3-meter coking furnaces of the Group on 15 October 2021.

Selling and Distribution Costs

The Group's selling and distribution costs amounted to approximately HK$1,565,000, as compared to that of approximately HK$1,417,000 in the Previous Reporting Period. Such expenses for the two reporting periods were similar, mainly because the wages and salaries were similar in both periods.

Administrative Expenses

The Group's administrative expenses for this Reporting Period amounted to approximately HK$114,007,000, of which GRG Huscoke accounted for approximately HK$87,552,000, as compared to that of the Previous Reporting Period of approximately HK$99,920,000 of which GRG Huscoke accounted for approximately HK$78,158,000. The disposal of GRG Huscoke has been completed on 30 March 2023 and its financial results are no longer consolidated into the financial statement of the Group. The increase was attributable to the longer reporting period as a result of the change of financial year end date.

Finance Costs

The Group's finance costs for this Reporting Period amounted to approximately HK$157,108,000, of which GRG Huscoke accounted for approximately HK$119,096,000, as compared to that of the Previous Reporting Period of approximately HK$113,936,000, of which GRG Huscoke accounted for approximately HK$94,318,000. The disposal of GRG Huscoke has been completed on 30 March 2023 and its financial results are no longer consolidated into the financial statement of the Group. The Group did not proceed any new loan during this Reporting Period. The increase was attributable to the longer reporting period as a result of the change of financial year end date.

* *For identification purpose only*

Profit/(loss) Before Tax

The Group's profit before tax for this Reporting Period amounted to approximately HK$1,636,678,000, as compared to that of loss before tax for the Previous Reporting Period amounted to approximately HK$21,513,000. The difference was mainly attributable to (i) the gain from the increase of the net asset value amounted to approximately HK$1,693,981,000 of the Company for completing the consolidation of the Energy Jiarun (which holds the new coking furnace assets) and the disposal of a subsidiary, GRG Huscoke, in the financial year of 2022/23. Details of the VST and the VSD were disclosed in the circular of the Company dated 29 September 2022; and (ii) the credit losses caused by Energy Technology failed to repay on a timely basis amounted HK$34,316,000.

CHARGES OVER ASSETS

The Group had neither pledged assets nor pledged deposit during this Reporting Period (including charges over deposits) (2021: Nil).

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

Very Substantial Transaction and Very Substantial Disposal

On 15 March 2022, the Company entered into the Agreement with GRG Huscoke, Energy Technology, Jinyan Electricity and Xiaoyi ILNG (as supplemented by supplemental agreements on 14 April 2022 and 30 December 2022), in relation to the remedial and compensatory actions as a result of the Incident and the Assets Transfer (the "**VST**"), details of which were set out in the announcements of the Company dated 19 April 2022 and 24 March 2023 and the circular of the Company dated 28 September 2022.

On 26 July 2022, Rich Key Enterprises Limited, a direct wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the legal representative of GRG Huscoke (as supplemented by supplemental agreements on 7 September 2022 and 25 January 2023), among other matters, to dispose of the Disposal Group and GRG Huscoke (the "**VSD**"), details of which were set out in the announcements of the Company dated 8 August 2022 and 13 April 2023 and the circular of the Company dated 28 September 2022.

The VST and VSD were approved by the shareholders of the Company (the "**Shareholders**") at the SGM held on 18 October 2022, please refer to the poll results announcement of the Company dated 18 October 2022 for details. On 18 January 2023, the 90% equity interests of the Target Subsidiary which holds the Target Assets has been transferred to the Group and the VST has been completed on the same date. Completion of the VSD took place on 30 March 2023.

Save as disclosed herein, the Group did not have any significant acquisitions or disposals of subsidiaries, associates or joint ventures nor had any significant investment with a value of 5% or more of the Company's total assets.

INCREASE IN AUTHORISED SHARE CAPITAL

On 19 August 2022, the Company proposed to increase the authorised share capital (the "**Increase in Authorised Share Capital**") of the Company. For details of the Increase in Authorised Share Capital, please refer to the announcement of the Company dated 19 August 2022 and the circular of the Company dated 14 October 2022. Increase in Authorised Share Capital was approved by the independent Shareholders at the SGM held on 31 October 2022, please refer to the poll results announcement dated 31 October 2022 for details.

ISSUE OF THE CONVERTIBLE BOND

On 19 September 2022, the Company entered into the subscription agreement (the "**CB Subscription Agreement**") with Wahen Investments Limited (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for (the "**CB Subscription**") and the Company has conditionally agreed to issue the 8% unsecured convertible bonds with 2-year maturity in principal amount of HK$154,000,000. For details of the CB Subscription, please refer to the announcement of the Company dated 19 September 2022 and the circular of the Company dated 14 October 2022. The CB Subscription was approved by the independent Shareholders at the SGM held on 31 October 2022, please refer to the poll results announcement dated 31 October 2022 for details. As at the date of this announcement, the condition precedents of the CB Subscription have not been fulfilled.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain the most optimum capital structure, the Group may adjust dividend policy, capital distribution to shareholders or issuance of new shares. No changes were made in the objectives, policies or procedures for capital management during the fifteen months ended 31 March 2023.

The Group's principal financial instruments comprise of other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, prepayment, deposits and other receivables, amounts due from non-controlling shareholder, cash and bank balances, trade payables, and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees upon the various policies for managing these risks.

The Group regularly adopts gearing ratios as a tool of monitoring capital structure. The gearing ratio as of 31 March 2023 was 43% (31 December 2021: 107%).

As of 31 March 2023, the equity attributable to owners of the Company amounted to approximately HK$1,011,367,000 (31 December 2021: the deficit attributable to owners of the Company amounted to approximately HK$144,233,000).

The net assets per share as at 31 March 2023 was HK$4.14 (31 December 2021: net liabilities per share of HK$0.55).

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were approximately HK$226,939,000 (31 December 2021: approximately HK$1,699,654,000) and 0.36 (31 December 2021: 0.28) respectively as at 31 March 2023.

As at 31 March 2023, the Group's cash and bank balances amounted to approximately HK$601,000 (31 December 2021: approximately HK$7,903,000), bank and other borrowings were approximately HK$218,188,000 (31 December 2021: approximately HK$733,863,000).

As of 31 March 2023 and 31 December 2021, the Group had no bills payable.

Management's position and basis on the going concern assumption, and its view on the disclaimer of opinion

As detailed in Note 2.1 to the consolidated financial statements for the fifteen months ended 31 March 2023 ("**Note**"), conditions existed as at 31 March 2023 indicating the existence of material uncertainties, which may cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, the management of the Group (the "**Management**") has given careful consideration to the Group's current liquidity, the schedule of full operation of the new operating assets and available sources of financing in considering the Group's ability to continue as going concern. The Management has also taken or will continue to implement the measures to mitigate the Group's liquidity pressure and to improve the conditions of cash flow. Taking into account the schedule of full operation of the new operating assets and the successful implementation of such measures, the Management and also the Directors are satisfied that the Group will have sufficient working capital for a period of not less than 12 months from 31 March 2023, and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. The Management is of the view that the Group will have sufficient cash resources to satisfy future working capital and other financing requirements as and when they fall due for the period of not less than twelve months from 31 March 2023.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the following measures, which may encounter multiple uncertainties, including: (i) successfully reaching the agreement with the lender to extend the payment schedule of the loan; (ii) actual prices of coke and related byproducts throughout the forecast period being in line with the assumed levels included in the cashflow assumptions; (iii) the successful fundraising of the Group through the CB Subscription and the proposed issue of new shares by way of open offer (the "**Open Offer**") as disclosed in the announcement of the Company dated 19 August 2022 and the circular of the Company dated 13 October 2022; (iv) the successful recovery of the receivables; and (v) the Group's ability to generate operating cash flows through the new operating assets.

There was no disagreement between the Management and the Auditor regarding the disclaimer of opinion, considering that the consolidated financial statements have been prepared by the Management on a going concern basis, the validity of which depends on the successful outcome of the aforementioned measures which are subject to several uncertainties. In all other respects, the Auditor is of the view that the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Audit Committee's views towards the Disclaimer of opinion

The audit committee of the Company (the "**Audit Committee**") reviewed and agreed with the Management's position concerning the action plan of the Group set out below to address the disclaimer of opinion. The Audit Committee has also discussed with the Management and the Auditor to understand the reason for the disclaimer of opinion and the views of the Board and the Auditor. The Audit Committee concurs with the Management's position and views with respect to the disclaimer of opinion and the Group's ability to continue as a going concern, the actions to be implemented by the Management.

Details of action plans of the Group to address the Disclaimer of opinion

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to remove the disclaimer of opinion, the Company had taken measures to mitigate the liquidity pressure and to improve its cash flows, including:

(i) negotiations with the lender to reach an agreement of an extended payment schedule;

(ii) successfully making the new operating assets in full operation, which would enable the Group to generate operating cash flows;

(iii) continuing our efforts and take necessary actions on the recovery of the outstanding receivables;

(iv) implementation of the fundraising plan of the Group including the CB Subscription and the Open Offer; and

(v) seeking for other financing channels.

The Management and the Directors believe that the current action plans are the most commercially practicable plans and measures in addressing the Group's liquidity matters and its ability to continue as a going concern. The Management will focus on the current action plans and the implementation thereof, while continuing their efforts in addressing the going concern issue and disclaimer of opinion.

OPERATING LEASE AND CAPITAL COMMITMENTS

As at 31 March 2023 and 31 December 2021, according to the disclosure requirements under Hong Kong Accounting Standards, the Group had no operating lease commitments.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board recognizes its responsibility to ensure the Company maintains a sound and effective risk management and internal control system. The Group's internal control system is designed and established to ensure that assets are safeguarded against improper use or disposal; relevant rules and regulations are adhered to and complied with; reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements; and key risks that may impact the Group's performance are appropriately identified and managed. The review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The internal control system can only provide reasonable, not absolute, assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure in achieving business objectives.

The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by a three-tier risk management approach. At the first line of defense, business units are responsible for identifying, assessing and monitoring risks associated with all business or transactions. Management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defense is effective. As the final line of defense, Audit Committee, with the professional advice and opinions from external professional consultants, who conduct annual audit work for the Group, continually inspects and monitors the first and second lines of defense to ensure that they are effective.

INTEREST RATE RISK

The Group's interest rate risk mainly comprises of fair value interest risk and cash flow interest rate risk. (1) Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to the changes in market interest rates. (2) Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group is also exposed to cash flow interest rate risk through the impact of interest rate changes on deposits. To minimize the fair value interest rate risk, the Group keeps its borrowings with a fixed rate of interest. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

FOREIGN CURRENCY RISK

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("**RMB**"), United States dollars ("**USD**") and Hong Kong dollars ("**HK$**"). The Group is exposed to foreign currency risk arising from the monetary assets and liabilities that are denominated in currencies other than functional currencies of the respective group entities. The Group does not have any hedging instruments outstanding. The Group will constantly review the economic situation and its foreign currency risk profile and will consider appropriate hedging measures in the future as may be necessary.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any significant contingent liabilities that have not been provided for in the financial statements (as at 31 December 2021: Nil).

TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES AND REMUNERATION

For this Reporting Period, the Group's staff costs amounted to approximately HK$38,818,000, of which GRG Huscoke accounted for approximately HK$24,233,000, as compared to approximately HK$53,882,000 for the Previous Reporting Period, of which GRG Huscoke accounted for approximately HK$44,462,000. The disposal of GRG Huscoke has been completed on 30 March 2023 and its financial results are no longer consolidated into the financial statement of the Group. As at 31 March 2023, the Group had 20 employees with 19 employees stationed in Hong Kong, as compared to 254 employees as at 31 December 2021. The decrease of the employees was attributable to the Disposal of the subsidiary GRG Huscoke at 30 March 2023. Upon the full operation of the new coking furnace asset, the labor relationship of the management and workers in Mainland China will be officially transferred to Energy Jiarun.

Employees are remunerated according to the nature of the job and market trends, performance evaluation mechanism, annual increment and year-end performance bonus measures to reward and motivate individual performance. As at the date of this announcement, the Group has no share options outstanding under the share option scheme.

PROSPECTS

Looking ahead to 2023, the Chinese government is expected to introduce various growth stabilizing measures successively and China's economy is expected to maintain a recovery momentum. The domestic coke inventory is currently at a low level, and the market demand is expected to rebound as the market releases recovery signal. Meanwhile, the past few years' active supply-side reform of the government effectively controlled the supply of the coke market and improved coke price hub. In terms of raw materials, with the significant increases in domestic production and import of coking coal and coke enterprises' strong bargaining power over coking coal, coke enterprises maintained stable profitability and are expected to recover steadily with the recovery of the supply and demand relation. Moreover, the stable demand of coke by-products in the domestic market is expected to generate stable income for coke enterprises.

The Group carries out its production and operation in Wutong Industrial Coke Chemical Park, Xiaoyi City, Shanxi Province, through the new coking furnace assets held by Energy Jiarun, which has a designed annual capacity of no less than 1,200,000 tons of coke, 65,000 tons of coal tar, 15,000 tons of crude benzene, and 15,000 tons of ammonium sulfate. The coke production business is expected to generate sustained and stable income and profit for the Group in the future. Furthermore, the Group will also closely monitor domestic and international market development and adjust its strategies in due course to correspond with challenges and seize market opportunities.

While operating the coke production business, the Group will also continue to explore the possibility to further expand coke production capacity or developing upstream and downstream of coke industries, such as coal trading and new energy, further enhancing the future profitability of the Group. The Group is planning to develop coke oven gas utilization projects for process and production of liquid natural gas, hydrogen and other clean energy products by utilizing the hydrogen-rich gas generated from the new coking furnace assets.

The successful resumption of the Group marks a new development milestone for the Company. In the next stage, the Company will endeavor to ensure the operation and full capacity production of the new coking furnace assets in a prompt manner to bring long-term and stable income for the Shareholders.

CORPORATE GOVERNANCE CODE

Save and except as disclosed below, the Company has complied with the code provisions stipulated in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 of the Listing Rules throughout the fifteen months ended 31 March 2023.

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhao Xu Guang ("**Mr. Zhao**") is the chairman of the Board (the "**Chairman**") and also serves as chief executive officer of the Company (the "**Chief Executive Officer**"). The Board believes that, despite the deviation of the CG Code, vesting the roles of both Chairman and Chief Executive Officer in Mr. Zhao has the benefit of ensuring the consistent leadership within the Group and enabling more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transaction by the Directors of the Company.

Having made specific enquiry of the Directors of the Company, all Directors of the Company confirmed that they had complied with the required standard as set out in the Model Code during the fifteen months ended 31 March 2023.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. To Wing Tim, Paddy who also acts as chairman of the Audit Committee, Mr. Lam Hoy Lee, Laurie and Dr. Wang Wei Hsin, and one non-executive Director, Mr. Huang Man Yem.

The Audit Committee has reviewed the consolidated results of the Group for the fifteen months ended 31 March 2023.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's results for the fifteen months ended 31 March 2023 as set out in the preliminary results announcement have been agreed by the Company's independent auditor, Zhonghui Anda CPA Limited, to the amounts set out in the Group's consolidated financial statements. The work performed by Zhonghui Anda CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Zhonghui Anda CPA Limited on this preliminary results announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the fifteen months ended 31 March 2023 which has included a disclaimer of opinion:

"Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group has recorded a net operating cash outflow of approximately HK$1,608,000 for the fifteen months ended 31 March 2023 and as at 31 March 2023 the Group had net current liabilities of approximately HK$226,939,000. Further, no revenue was generated from the new operating assets up to date, which bring significant impacts on the Group's operations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to make the new operating assets in full operation on schedule, the completion of the fund-raising activities and the success in delaying the payments by persuading its creditors of the Group not to insist on demanding repayment before the full operation of the Group's new operating assets. The consolidated financial statements do not include any adjustments that would result from the failure to make the new operating assets in full operation on schedule, to complete the fund-raising activities and to delay the repayments. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the multiple uncertainties relating to make the new operating assets in full operation on schedule, to complete the fund-raising activities and to delay the repayments, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Other Matters

Had we not disclaimed our opinion in respect of the matters described in the Basis of Disclaimer of Opinion section above, we would otherwise have qualified our opinion in respect of the scope limitations on our audit relating to the matters detailed below.

Trade receivables and prepayments, deposits and other receivables

Impairment loss on prepayments, deposits and other receivables of approximately HK$34,316,000 was recognised for the fifteen months ended 31 March 2023. In relation to impairment loss on prepayments, deposits and other receivables for the fifteen months ended 31 March 2023, other income and gains of approximately HK$41,367,000 were recognised for the fifteen months ended 31 March 2023. Impairment loss on trade receivables of approximately HK$1,448,000 was recognised for the year ended 31 December 2021. In relation to impairment loss on trade receivables for the year ended 31 December 2021, revenue of approximately HK$1,281,000 were recognised for the year ended 31 December 2021.

Included in the consolidated statement of financial position were prepayments, deposits and other receivables of HK$121,869,000 and HK$114,132,000 as at 31 March 2023 and 31 December 2021, respectively.

The management was in progress on negotiating with the debtor on settlement of the aforesaid balances. In absence of the fulfillment on the agreed repayment schedules, the management considered that there is uncertainty on recovering the aforesaid balances. The management has not yet initiated actions including but not limited to legal action against the debtor on the balances, hence no result from actions is available up to the date of this announcement for justifying the extent of the recoverability of the aforesaid balances.

Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of aforesaid balances as at 31 March 2023 and 31 December 2021. There were no other satisfactory audit procedures that we could adopt to determine whether the aforesaid impairment loss, revenue and other income and gains for the fifteen months ended 31 March 2023 and the year ended 31 December 2021 were properly recognised and the aforesaid balances as at 31 March 2023 and 31 December 2021 were fairly stated.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the fifteen months ended 31 March 2023 and the year ended 31 December 2021 and the financial position of the Group as at 31 March 2023 and 31 December 2021, and the related disclosures thereof in the consolidated financial statements."

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the fifteen months ended 31 March 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the fifteen months ended 31 March 2023 (for the year ended 31 December 2021: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 28 September 2023 and a notice of annual general meeting will be published and despatched in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 September 2023 (Monday) to 28 September 2023 (Thursday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 28 September 2023 (Thursday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Secretaries Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 22 September 2023 (Friday).

EVENTS AFTER THE REPORTING PERIOD

Open Offer

On 19 August 2022, the Company proposed to raise approximately HK$121.7 million before expenses by way of open offer (the "**Open Offer**") on the basis of two (2) new shares of HK$0.1 each (the "**Offer Shares**") for every one (1) existing share of HK$0.1 (the "**Shares**"). For details of the Open Offer, please refer to the announcement of the Company dated 19 August 2022 and the circular of the Company dated 14 October 2022. The Open Offer (including the grant of a specific mandate) was approved by the independent Shareholders at the SGM held on 31 October 2022, please refer to the poll results announcement dated 31 October 2022 for details.

As at the date of this announcement, as additional time is required for the Company to prepare and finalise certain information to be contained in the prospectus in relation to the Open Offer, the Open Offer has not yet been completed. It is expected that the despatch of the prospectus documents will further be postponed to on or before 31 July 2023.

Issue of The FA Remuneration Shares

On 19 September 2022, the Company proposed to issue 3,301,886 remuneration shares (the "**Issue of the FA Remuneration Shares**") to settle part of the professional fees in the amount of HK$700,000 to Veda Capital Limited (the "**Financial Adviser**") (or its nominees) at an issue price of HK$0.212 per share. For detail of the Issue of the FA Remuneration Shares, please refer to the announcement of the Company dated 19 September 2022 and the circular of the Company dated 14 October 2022. The Issue of the FA Remuneration Shares was approved by the independent Shareholders at the SGM held on 31 October 2022, please refer to the poll results announcement dated 31 October 2022 for details.

The completion of the Issue of the FA Remuneration Shares took place on 24 May 2023 and 3,301,886 FA Remuneration Shares was issued by the Company.

PUBLICATION OF FINAL RESULTS AND 2022/23 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This final results announcement is published on the HKExnews website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.huscoke.com).

The annual report for the financial year 2022/23 will be made available on the websites of the Stock Exchange and the Company, and will be dispatched to the Shareholders selected printed copies as corporate communication.

For environmental and cost reasons, shareholders are encouraged to elect to receive shareholders documents electronically. You may at any time send written notice to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong specifying your name, address and request to change your choice of language or means of receipt of all shareholders documents from now on.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to the shareholders of the Company for their continued support and sincerely thank the Directors and staffs for their dedication and diligence. I also wish to take this opportunity to express my gratitude to the Group's business partners, customers, suppliers and bankers for their ongoing support.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
Huscoke Holdings Limited
Zhao Xu Guang
Chairman and Chief Executive Officer

Hong Kong, 30 June 2023

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