



HUSCOKE RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 704)



2015
Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Gao Jianguo (*Chairman*)
Mr. Li Baoqi (*Chief Executive Officer*)

Independent Non-executive Directors

Mr. Lam Hoy Lee, Laurie
Mr. Lau Ka Ho
Mr. To Wing Tim, Paddy

Audit Committee

Mr. Lam Hoy Lee, Laurie
Mr. Lau Ka Ho
Mr. To Wing Tim, Paddy

Company Secretary

Mr. Chang Chi Wai, Stanley

Company Solicitors

In Hong Kong

Chiu & Partners

In Bermuda

Appleby Spurling Hunter

Auditors

Ernst & Young
Certified Public Accountants

Principal Bankers

The Bank of East Asia Limited
The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of China
(Asia) Limited

Share Registrars and Transfer Office

In Hong Kong

Tricor Secretaries Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: 2980 1333
Fax: 2810 8185
E-mail: is-enquiries@hk.tricorglobal.com
Website: www.tricoris.com

In Bermuda

MUFG Fund Services (Bermuda) Limited

Principal Office in Hong Kong

RM 2003, 20th Floor, Tower 1
Lippo Center
89 Queensway
Admiralty, Hong Kong
Tel: 2861 0704
Fax: 2861 3908
E-mail: admin@huscoke.com
Website: www.huscoke.com

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the “Board”) of Huscoke Resources Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 (the “Interim Period”) with comparative figures for the corresponding period ended 30 June 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	313,201	370,634
Cost of sales		(307,507)	(429,367)
Gross profit/(loss)	4	5,694	(58,733)
Other income		86,699	27,739
Selling and distribution costs		(9,343)	(27,852)
Administrative expenses		(44,807)	(35,976)
Finance costs	5	(15,704)	(2,626)
Other operating expenses		2,817	(18,515)
Impairment on items of property, plant and equipment		—	(361,406)
Impairment on goodwill		—	(388,544)
Profit/(loss) before tax	6	25,356	(865,913)
Income tax credit	7	—	78
Profit/(loss) for the period		25,356	(865,835)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to:		
Owners of the parent	28,304	(818,152)
Non-controlling interests	(2,948)	(47,683)
	<u>25,356</u>	<u>(865,835)</u>
 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	 8	
Basic		
— For profit/(loss) for the period	<u>HK0.47 cents</u>	<u>(HK13.69 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit/(loss) for the period	25,356	(865,835)
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss		
— Exchange differences arising on translation of foreign operation	<u>—</u>	<u>(20,398)</u>
Total comprehensive income/(loss) for the period	<u>25,356</u>	<u>(886,233)</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the parent	28,304	(836,510)
Non-controlling interests	<u>(2,948)</u>	<u>(49,723)</u>
	<u>25,356</u>	<u>(886,233)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	504,063	661,760
Available-for-sale investments		<u>4,400</u>	<u>4,400</u>
Total non-current assets		<u>508,463</u>	<u>666,160</u>
Current assets			
Inventories		29,721	61,213
Trade and bills receivables	11	179,365	149,520
Prepayments, deposits and other receivables	12	324,566	478,606
Amount due from the Non-controlling Shareholder	13	232,718	113,098
Tax recoverable		2,317	17,191
Cash and cash equivalents		<u>2,056</u>	<u>1,679</u>
Total current assets		<u>770,743</u>	<u>821,307</u>
Current liabilities			
Trade payables	14	503,750	511,117
Other payables, accruals and deposit received	15	511,638	639,626
Interest-bearing bank and other borrowings	16	20,826	119,777
Amount due to the Non-controlling shareholder	13	<u>—</u>	<u>50,201</u>
Total current liabilities		<u>1,036,214</u>	<u>1,320,721</u>
Net current liabilities		<u>(265,471)</u>	<u>(499,414)</u>
Total assets less current liabilities		<u>242,992</u>	<u>166,746</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2015

		At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Amount due to the Non-controlling shareholder	13	50,201	—
Deferred tax liabilities		8,732	8,732
Total non-current liabilities		58,933	8,732
Net assets		184,059	158,014
Equity			
Equity attributable to the owners of parent			
Issued share capital	17	452,813	452,293
Reserves		(298,828)	(327,299)
		153,985	124,994
Non-controlling interests		30,074	33,020
Total equity		184,059	158,014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2015

Notes	Share Capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (note i)	Special reserve HK\$'000 (note ii)	Attributable to owners of the parent							Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
					Available for sale investment revaluation reserve HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Capital redemption reserve HK\$'000	Convertible bonds reserve HK\$'000	Retained profits/(losses) HK\$'000				
At 1 January 2014	452,293	144,997	419,650	18,236	(347)	4,151	126,505	85	829,350	(865,670)	1,129,250	141,627	1,270,877	
Loss for the period	—	—	—	—	—	—	—	—	—	(818,152)	(818,152)	(47,683)	(865,835)	
Other comprehensive income for the year:														
Exchange differences on translation of foreign operation	—	—	—	—	—	—	(18,358)	—	—	—	(18,258)	(2,040)	(20,398)	
At 30 June, 2014 (unaudited)	452,293	144,997	419,650	18,236	(347)	4,151	108,147	85	829,350	(1,683,822)	292,740	91,904	384,644	
At 1 January 2015	452,293	144,997	419,650	18,236	—	5,518	107,852	85	829,350	(1,852,987)	124,994	33,020	158,014	
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	28,304	28,304	(2,948)	25,356	
Other comprehensive income for the year:														
Exercise of share options	19	520	364	—	—	(197)	—	—	—	—	687	2	689	
At 30 June, 2015 (unaudited)	452,813	145,361	419,650	18,236	—	5,321	107,852	85	829,350	(1,824,683)	153,985	30,074	184,059	

Notes:

- (i) According to Section 40(1) of the Bermuda Companies Act 1981, the contributed surplus represents the excess of the value of shares converted upon conversion of the 2008 Convertible Bonds (as defined in note 17 to the financial statements) over the nominal amount of the ordinary shares issued.
- (ii) The special reserve represents the difference between the nominal value of the shares of the subsidiaries at the date when the shares were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash flows from operating activities	30,123	20,119
Net cash flows from/(used in) investing activities	174,684	(3,650)
Net cash flows (used in) financing activities	(204,430)	(4,737)
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	377	11,732
Cash and cash equivalents at 1 January	1,679	10,287
Effect of foreign currency rate changes, net	—	645
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	2,056	22,664
	<u> </u>	<u> </u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,056	22,664
	<u> </u>	<u> </u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance (Cap. 622).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

The financial information relating to the year ended 31 December 2014 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2015 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was disclaimed in relation to the multiple uncertainty relating to going concern.

2. Significant accounting policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies and basis of presentation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2014, except for the application of the following new and revised HKFRSs, HKASs, amendments and interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") effective from 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above new and revised HKFRSs has had no material impact on the amounts reported and disclosures set out in these unaudited condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidated Exceptions ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bear Plants ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2016

The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Revenue

Revenue represents the net amounts received and receivables for goods sold by the Group to outside customers, less returns and allowance for the period.

Business segments

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 trading of coke segment — purchases and sales of coke;
- (b) the coal-related ancillary segment — washing of raw coal into refined coal for sales and for further processing, and the sale of electricity and heat which is generated as the by-products during washing of raw coal; and
- (c) the coke production segment — processing of refined coal into coke for sales, and sales 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/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, corporate administrative expenses, unallocated finance costs and income tax are excluded from such measurement.

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

3. Revenue (continued)

Business segments (continued)**For the six months ended 30 June 2015**

	Trading of coke HK\$'000	Coal related ancillary HK\$'000	Coke production HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue					
Segment revenue					
— external sales	—	48,021	265,180	—	313,201
— intersegment sales	—	240,772	—	(240,772)	—
Other income and gains	—	14,615	—	—	14,615
	<u>—</u>	<u>282,798</u>	<u>265,180</u>	<u>(240,772)</u>	<u>307,206</u>
Total	<u>—</u>	<u>303,408</u>	<u>265,180</u>	<u>(240,772)</u>	<u>327,816</u>
Segment results	<u>—</u>	<u>47,358</u>	<u>16,988</u>	<u>(50,562)</u>	<u>13,784</u>
Interest income and sundry income					72,083
Corporate administrative expenses					(44,807)
Unallocated finance costs					<u>(15,704)</u>
Gain before tax					25,356
Income tax credit					<u>—</u>
Gain for the period					<u>25,356</u>

3. Revenue (continued)

For the six months ended 30 June 2014

	Trading of coke HK\$'000	Coal related ancillary HK\$'000	Coke production HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue					
Segment revenue					
— external sales	—	19,065	351,569	—	370,634
— intersegment sales	—	283,862	—	(283,862)	—
Other income and gains	—	27,715	—	—	27,715
	<u>—</u>	<u>300,642</u>	<u>351,569</u>	<u>(283,862)</u>	<u>377,349</u>
Total [#]	<u>—</u>	<u>330,642</u>	<u>351,569</u>	<u>(283,862)</u>	<u>398,349</u>
Segment results [#]	<u>(13,200)</u>	<u>(372,724)</u>	<u>(449,927)</u>	<u>8,516</u>	<u>(827,335)</u>
Interest income and sundry income [#]					24
Corporate administrative expenses					(35,976)
Unallocated finance costs					(2,626)
					<u>(38,572)</u>
Loss before tax					(865,913)
Income tax credit					78
					<u>(865,835)</u>

[#] Certain figures have been reclassified according to the segmental results classification for the year ended 31 December 2014 for better comparison.

4. Other income

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	1	—
Commission income	12	23
Government subsidies	14,615	27,626
Sundry income	625	90
Gain on disposal of Property	71,446	—
	<u>86,699</u>	<u>27,739</u>

5. Finance costs

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other borrowings, wholly repayable within one year	<u>15,704</u>	<u>2,626</u>
	<u>15,704</u>	<u>2,626</u>

6. Profit/(Loss) before tax

Profit/(Loss) before tax has been arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation	54,459	56,272
Gain on disposal of Property	<u>71,446</u>	<u>—</u>

7. Income tax credit

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Deferred income tax	<u>—</u>	<u>78</u>
	<u>—</u>	<u>78</u>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2014 and 2015 as there is no assessable profit for the periods.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

8. Earnings/(Loss) per share attributable to owners of the parent

The calculation of the basic earning/(loss) per share amount is based on the gain for the period attributable to owners of the parent of approximately HK\$28,304,000 (2014: loss of approximately HK\$818,152,000), and the weighted average number of ordinary shares of 5,983,126,292 (2014: 5,977,926,292) in issue during the period, as adjusted to reflect the full conversion of the 2008 Convertible Bonds for ordinary shares of the Company during the period.

The 2008 Convertible Bonds shall be converted automatically into new shares of the Company at the date of maturity. Shares that are issuable solely after the passage of time are not contingently issuable shares and are included in the calculation of the basic and diluted loss per share amounts.

Diluted earnings per share for both periods are not shown as there are no potential ordinary shares subsist during both of the periods presented. The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options nor the conversion of the convertible bonds as the exercise price of those options and the conversion prices of those convertible bonds are higher than the average market price for shares for the period. Moreover, the impact of those share options and convertible bonds outstanding had an anti-dilutive effect on the basic earning/(loss) per share amounts presented.

9. Interim dividend

The Board has resolved not to pay any interim dividend for the six months ended 30 June 2015 (2014: Nil).

10. Property, plant and equipment

During the six months ended 30 June, 2015, the Group spent approximately HK\$5,016,000 (six months ended 30 June 2014: HK\$3,913,000) on property, plant and equipment.

11. Trade and bills receivables

		Group	
		At	At
		30 June	31 December
		2015	2014
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Trade receivables		426,697	276,732
Bills receivables		—	500
Impairment		(14,614)	(14,614)
		412,083	262,618
Less: Trade receivables due from the Non-controlling Shareholder	13	(232,718)	(113,098)
		179,365	149,520

The Group's trading terms with its customers are mainly on credit. The credit period is generally 120 days. Each customer has a maximum credit limit. Advances are required for certain customers. The directors consider that these arrangements enable the Group to limit its credit risk exposure. As at 30 June 2015, approximately 32% (2014: 43%) and 17% (2014: 20%) of the Group's trade receivables were due from two customers respectively, and there was a significant concentration of credit risk. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Trade receivables due from the Non-controlling Shareholder are on similar credit terms to those offered to the major customers of the Group.

The carrying amounts of trade and bills receivables approximate their fair values.

11. Trade and bills receivables (continued)

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Within 3 months	230,304	134,766
3 to 4 months	49,186	36,794
Over 4 months	132,593	91,058
	412,083	262,618

12. Prepayments, deposits and other receivables

		Group	
	<i>Notes</i>	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Other receivables from the Non-controlling Shareholder	13	245,096	409,370
Prepayments due from a related company	(i)	37,497	3,750
Subtotal		282,593	413,120
Prepayments, deposits and other receivables to other parties	(ii)	48,754	72,267
Impairment		(6,781)	(6,781)
		324,566	478,606

Notes:

- (i) Balance included (i) a prepayment of HK\$37,497,000 (31 December 2014: HK\$3,750,000) due from a related company, which is an associate of the Non-controlling Shareholder, for purchases of raw materials which is to be settled with future purchase.
- (ii) Balance included prepayments to suppliers of raw materials for the coal-related ancillary and the coke production businesses which are unsecured, non-interest-bearing and are to be settled with future purchases.

12. Prepayments, deposits and other receivables *(continued)*

The financial assets included in the above were neither past due nor impaired and balances relate to receivables for which there was no recent history of default.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

13. Amount due from/(to) Xiaoyi City Jinyan Electrical Coal Chemical Engineering Co. Ltd ("Non-controlling Shareholder")

		Group	
		At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
	<i>Notes</i>		
Current			
Trade receivables due from the Non-controlling Shareholder <i>(Note 11)</i>	<i>(i)</i>	232,718	113,098
Other receivables from the Non-controlling Shareholder* <i>(Note 12)</i>	<i>(ii)</i>	245,096	409,370
Trade payables due to the Non-controlling shareholder <i>(Note 14)</i>	<i>(iii)</i>	(82,037)	(88,855)
Amount due to the Non-controlling Shareholder*	<i>(iv)</i>	—	(50,201)
Non-current			
Amount due to the Non-controlling Shareholder*	<i>(iv)</i>	(50,201)	—

Note:

- (i) The balances are trade in nature and are unsecured, non-interest-bearing and repayable within the credit term of 120 days (31 December 2014: 120 days), which are similar to those granted to major trading customers of the Group.
- (ii) The balances are advances to the Non-controlling shareholder, which are unsecured, non-interest-bearing and repayable on demand.
- (iii) The balances are trade in nature, unsecured and non-interest-bearing.

13. Amount due from/(to) Xiaoyi City Jinyan Electrical Coal Chemical Engineering Co. Ltd (“Non-controlling Shareholder”) (continued)

Note: (continued)

(iv) The balance represented advances from the Non-controlling Shareholder. The balance are unsecured, non-interest bearing. On 31 January 2015, the Group entered into a repayment agreement with the Non-controlling shareholder which agreed that repayment would not be demanded on or before 1 July 2016.

* Pursuant to Listing Rule 13.13, the net balance of the other receivables from the Non-controlling Shareholder (after deduction of the amount due to the Non-controlling Shareholder) which represents advances to the Non-controlling Shareholder were HK\$194,895,000, HK\$359,169,000 and HK\$301,010,000 as at 30 June 2015, 31 December 2014 and 30 June 2014 respectively. As a result of asset impairment as at 30 June 2014 and 31 December 2014 which led to reduction in the asset balances of the Company, the asset ratio calculated (as defined under Listing Rule 14.07(1)) as at 30 June 2015, 31 December 2014 and 30 June 2014 were 15.2%, 24.1% and 18.2% respectively, and has exceeded 8% pursuant to Listing Rule 13.13.

The carrying amounts of the above balances approximate their fair values.

14. Trade payables

		Group	
		At	At
		30 June	31 December
		2015	2014
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
Trade payables due to other parties		421,713	422,262
Trade payables due to the Non-controlling Shareholder	13	82,037	88,855
		503,750	511,117

14. Trade payables (continued)

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

	Group	
	At	At
	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 3 months	70,246	92,396
3 to 4 months	16,084	9,717
Over 4 months	417,420	409,004
	503,750	511,117

The trade payables are non-interest-bearing and are normally settled on 120-day terms.

The carrying amounts of trade payables approximate their fair values.

15. Other payables, accruals and deposit received

	Group	
	At 30	At 31
	June 2015	December 2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Other payables and accrued charges	246,136	221,129
Advance received from customers	149,352	198,497
Deposit received from Kailuan	116,150	220,000
	511,638	639,626

Note:

The Deposit was placed by Kailuan, an independent third party, to the Group in connection with an annual coke sale and purchase agreement for the purchase of coke for a term of one year from 24 May 2013.

At 31 December 2014, the Group was in default of repayment of the Deposit and on 23 January 2015, a debt repayment scheme agreement was entered into by Kailuan, the Company and Ocean Signal Limited, a subsidiary of the Group. Pursuant to the agreement, the Group was to dispose its land and buildings situated in Hong Kong and it was agreed that the proceeds from disposal of the Property shall not be less than HK\$179,700,000, and will be used firstly to settle the mortgaged bank loan and the disposal expense, with the remaining amount to partially repay the Deposit.

15. Other payables, accruals and deposit received *(continued)*

On the same day, an interest scheme agreement was entered into by Kailuan, the Company and Ocean Signal Limited, pursuant to which

- (a) the Group agreed to pay default interest at an annual rate of 13% from 24 May 2014 (contractual due date) to 24 December 2014 which amounted to HK\$16,683,000;
- (b) default interest rate subsequent to 24 December 2014 is subject to further negotiation; and
- (c) the Group agreed to pay an additional sum of HK\$2,200,000 to Kailuan as compensation for delinquent repayment of the Group on top of the aforesaid default interest.

On 18 March 2015, the Company and Kailuan entered into a supplemental agreement with regard to the Deposit, pursuant to which Kailuan agreed not to demand repayment of the principal amount of the Deposit and the related interest and penalty charge of HK\$245,483,000 before 1 July 2016, except that the Deposit should be reduced by the remaining proceeds from the disposal of the Property.

The approval of shareholders for the disposal of the Property was obtained on 13 May 2015 and the completion of the Disposal took place on 29 May 2015.

At 30 June 2015, the Group was in still in default of repayment of the Deposit, and interest of approximately HK\$154,706,000 (31 December 2014: HK\$245,483,000).

The Deposit was secured by the following:

- a pledge of 1,157,000,000 shares of the Company, as to 657,000,000 shares owned by Mr. Wu Jixian, a former non-executive director and substantial shareholder of the Company and as to 500,000,000 shares of the Company held by certain shareholders of the Company;
- a pledge by Mr. Wu Jixian of the convertible bonds issued in 2008 with an aggregate outstanding principal amount of HK\$582,000,000 and a carrying amount of HK\$829,350,000 (which, if the convertible rights attached thereto are exercised in full, will be convertible into 1,455,000,000 shares of the Company). However, on 29 July 2015, Kailuan signed a Deed of Release and agreed to release the pledge of convertible bonds from Mr. Wu.

During the review period, the default liquidated damages, compensation and interest charged by Kailuan amounted to approximately HK\$13,073,000 (2014: HK\$13,200,000).

Further details of the Deposit and the annual coke sale and purchase agreement are set out in the "ANNUAL COKE SALE AND PURCHASE AGREEMENT AND DISPOSAL OF PROPERTY" paragraph under the "BUSINESS REVIEW" section of this report.

16. Interest-bearing bank and other borrowings

Group

	30 June 2015			31 December 2014		
	Effective contractual interest rate	Maturity	HK\$'000	Effective contractual interest rate	Maturity	HK\$'000
Current						
Mortgage loan (note a)	—	—	—	1 month HIBOR + 2.45%	On demand	67,451
Other bank loan (note b)	—	—	—	6.72%	2015	37,500
Other borrowing	—	On demand	14,500	—	On demand	8,500
Other borrowing	10%	On demand	6,326	10%	On demand	6,326
			<u>20,826</u>			<u>119,777</u>
Secured			—			104,951
Unsecured			<u>20,826</u>			<u>14,826</u>
			<u>20,826</u>			<u>119,777</u>
Analysed into:						
Bank loans repayable						
Within one year or on demand			—			104,951
Other borrowings repayable						
On demand			<u>20,826</u>			<u>14,826</u>
			<u>20,826</u>			<u>14,826</u>

Except for the other bank loan of Nil (2014: HK\$37,500,000) which is denominated in RMB, and other borrowing of HK\$6,326,000 (2014: HK\$6,326,000) which is denominated in United States dollar, all bank and other borrowings are denominated in Hong Kong dollars. The carrying values of bank and other borrowings approximate their fair values.

Notes:

- (a) The mortgage loan is secured by a first mortgage over the Group's land and buildings situated in Hong Kong (the "Property"), which had a carrying value at 31 December 2014 of HK\$102,462,000. The Group disposed the Property and fully repaid the loan during the review period.

Based on the maturity terms of the mortgage loan, the amounts repayable in respect of the mortgage loan are Nil (2014: HK\$4,598,000) payable within one year; Nil (2014: HK\$4,722,000) payable in the second year; Nil (2014: HK\$14,952,000) payable in the third to fifth years, inclusive; and Nil (2014: HK\$43,179,000) payable beyond five years.

16 Interest-bearing bank and other borrowings (continued)

Notes: (continued)

- (b) The other bank loan is in RMB and is secured by a corporate guarantee from an independent third party as at 31 December 2014 and the loan is fully repaid during the review period.

17. Share Capital

Shares

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Authorised: 20,000,000,000 (31 December 2014: 20,000,000,000) ordinary shares of HK\$0.1 each	2,000,000	2,000,000
Issued and fully paid: 4,528,126,292 (30 June 2015: 4,528,126,292) ordinary shares of HK\$0.1 each	452,813	452,293

A summary of movements in the Company's issued share capital is as follows:

	Number of share in issue	Issued capital HK\$'000
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	4,522,926,292	452,293
Exercise of share options during the period	5,200,000	520
At 30 June 2015	4,528,126,292	452,813

18. Convertible Bonds

The Company issued two tranches of zero coupon convertible bonds, each with a principal amount of HK\$1,100,000,000, to Mr. Wu Jixian on 16 May 2008 (the “Tranche 1 Bonds”) and 31 October 2008 (the “Tranche 2 Bonds”) (collectively, the “2008 Convertible Bonds”), with maturity dates on the fifth anniversary of the respective dates of issue, as the partial settlement for the acquisitions of the Pride Eagle Group and the Joy Wisdom Group, respectively.

The 2008 Convertible Bonds should accrue no interest and are freely transferable, provided that where they are intended to be transferred to a connected person (as defined in the Listing Rules) of the Group (other than the associates of the bondholder), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange, if any.

The bondholder may, at any time during the respective bond issue periods, convert in whole or in part the 2008 Convertible Bonds into ordinary shares of the Company at the conversion price of HK\$0.4 per share, subject to adjustments. Any portion of the bonds which remains outstanding on the respective maturity dates shall be mandatorily converted into new shares of the Company under the same terms mentioned above. The total number of ordinary shares of HK\$0.1 each to be converted from the 2008 Convertible Bonds at a conversion price of HK\$0.4 per share is 5,500,000,000.

The 2008 Convertible Bonds are considered equity instruments and are included in equity in the convertible bond reserve.

The fair value of the 2008 Convertible Bonds was determined by reference to the quoted market prices of the ordinary shares of the Company, being HK\$0.66 per share and HK\$0.57 per share, at the respective issuance dates of the Tranche 1 Bonds and the Tranche 2 Bonds.

The Tranche 1 Bonds were fully converted into shares of the Company in prior years. No conversion of the Tranche 2 Bonds was made during the years ended 31 December 2014 and 2013. The Tranche 2 Bonds had a carrying amount of HK\$829,350,000 and a principal amount of HK\$582,000,000.

If the Tranche 2 Bonds were fully converted, it would result in the issue of 1,455,000,000 additional ordinary shares of the Company, and HK\$145,500,000 would be transferred to the share capital account and the remaining HK\$683,850,000 would be transferred to the contributed surplus account from convertible bond reserve.

A supplemental deed was entered into between the Company and Mr. Wu Jixian on 31 July 2013 to extend maturity date of the Tranche 2 Bonds to 31 October 2018. The transaction was approved by an ordinary resolution of the Company’s shareholders at the special general meeting held on 15 October 2013. Details of the extension of the maturity date of the Tranche 2 Bonds are set out in the Company’s circular dated 19 September 2013.

19. Share Option Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the share option scheme include the Directors and employees of the Group. The share option scheme became effective on 31 May 2002 and expired on 31 May 2012 (the "2002 Scheme"). A new share option scheme was adopted and became effective on 28 March 2013 (the "2013 Scheme"). Unless otherwise cancelled or amended, the 2002 Scheme and 2013 Scheme (collectively, the "Share Option Schemes") will remain in force for ten years from the effective date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Schemes was an amount equivalent, upon their exercise, to 10% of the total number of shares in issue as at the respective dates of approval of the Share Option Schemes. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Schemes within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. Options may be exercised at any time from the date of grant of the share options to the end of the exercise period.

The exercise price of share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant of the share options; and (ii) the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

19. Share Option Scheme *(continued)*

Under the 2002 Scheme, options were granted to eligible participants and there were outstanding (but not yet exercised) options to subscribe for a total of 13,200,000 shares as at 30 June 2015, representing approximately 0.29% of the issued share capital of the Company as at that date. Following the expiry of the 2002 Scheme in May 2012, no further options may be granted under the 2002 Scheme. The outstanding options granted under the 2002 Scheme shall continue to be valid and subject to the provisions of the 2002 Scheme and Chapter 17 of the Listing Rules.

Under the 2013 Scheme, options were granted to eligible participants and there was outstanding (but not yet exercised) options to subscribe for a total of 71,800,000 as at 30 June 2015 representing 1.59% of the issued share capital of the Company as at that date. The outstanding options granted under the 2013 Scheme shall be subject to the provisions of the 2013 Scheme and Chapter 17 of the Listing Rules.

The following share options were outstanding under the 2013 Scheme during the period/year:

	2015	
	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	0.132	77,000
Exercised during the period [^]	0.132	(52,000)
At 30 June	0.132	(71,800,000)
	2014	
	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	—	—
Granted during the period ^{>}	0.132	77,000
At 31 December	0.132	77,000

[^] During the period ended 30 June 2015, 5,200,000 share options were exercised by certain employees.

[>] During the year ended 31 December 2014, 77,000,000 share options were granted.

19. Share Option Scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the respective reporting periods are as follows:

30 June 2015

Number of options '000	Number of options held by directors (In aggregate) '000	Number of options held by employees (In aggregate) '000	Exercise price* HK\$ per share	Date of grant	Exercise period	Closing price of share before the date of grant
71,800	42,000	29,800	0.132	05-09-14	06-09-14 to 05-09-19	0.131
<u>71,800</u>						

31 December 2014

Number of options '000	Number of options held by directors (In aggregate) '000	Number of options held by employees (In aggregate) '000	Exercise price* HK\$ per share	Date of grant	Exercise period	Closing price of share before the date of grant
77,000	42,000	35,000	0.132	05-09-14	06-09-14 to 05-09-19	0.131
<u>77,000</u>						

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

19. Share Option Scheme (continued)

The following share options were outstanding under the 2002 Scheme during the period/year:

	2015	
	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	0.364	17,000
Lapsed during the period [#]	0.68	(3,800)
	<hr/>	<hr/>
At 30 June	0.273	13,200
	<hr/> <hr/>	<hr/> <hr/>
	2014	
	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	0.425	30,100
Lapsed during the year [#]	0.504	(13,100)
	<hr/>	<hr/>
At 31 December	0.364	17,000
	<hr/> <hr/>	<hr/> <hr/>

[#] During the period ended 30 June 2015, 3,800,000 share options lapsed at the end of the exercise period in accordance with terms of the 2002 Scheme.

During the year ended 31 December 2014, 9,600,000 share options lapsed upon the resignation of a director and 3,500,000 share options lapsed at the end of the exercise period in accordance with the terms of the 2002 scheme.

19. Share Option Scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the respective reporting periods are as follows:

30 June 2015

Number of options '000	Number of options held by directors (In aggregate) '000	Number of options held by employees (In aggregate) '000	Exercise price* HK\$ per share	Date of grant	Exercise period	Closing price of share before the date of grant
6,200	5,000	1,200	0.40	27-01-11	27-01-11 to 26-01-16	0.40
<u>7,000</u>	<u>5,500</u>	<u>1,500</u>	<u>0.16</u>	<u>05-01-12</u>	<u>06-01-12 to 05-01-17</u>	<u>0.16</u>
<u><u>13,200</u></u>						

31 December 2014

Number of options '000	Number of options held by directors (In aggregate) '000	Number of options held by employees (In aggregate) '000	Exercise price* HK\$ per share	Date of grant	Exercise period	Closing price of share before the date of grant
3,800	3,000	800	0.68	11-01-10	11-01-10 to 10-01-15	0.69
6,200	5,000	1,200	0.40	27-01-11	27-01-11 to 26-01-16	0.40
<u>7,000</u>	<u>5,500</u>	<u>1,500</u>	<u>0.16</u>	<u>05-01-12</u>	<u>06-01-12 to 05-01-17</u>	<u>0.16</u>
<u><u>17,000</u></u>						

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

During the period ended 30 June 2015, 3,800,000 (2014: 3,500,000) share options have expired in accordance with terms of the 2002 Scheme.

There was no share options granted during the period and the Group did not recognise a share option expense during the period.

19. Share Option Scheme *(continued)*

At the end of the reporting period, the Company had 71,800,000 share options outstanding under the 2013 Scheme and 13,200,000 share options outstanding under the 2002 Scheme, which represented approximately 1.88% of the Company's shares in issue as at the date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 85,000,000 additional ordinary shares of the Company and additional share capital of HK\$8,500,000.

20. Related party transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, during the period, the Group had the following related party transactions:

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
With the Non-controlling Shareholder:			
Sales of refined coal and electricity	<i>(i)</i>	202	411
Sales of coke	<i>(i)</i>	73,582	—
Sales of by-products	<i>(i)</i>	16,334	—
Purchases of refined coal	<i>(i)</i>	—	62,316
Rental expenses	<i>(ii)</i>	625	628
With a related company which is a subsidiary of the Non-controlling Shareholder:			
Sales of electricity	<i>(i)</i>	105	4,713
With related companies which are the associates of the Non-controlling Shareholder:			
Sales of electricity	<i>(i)</i>	1,010	9,177
Sales of coal gas	<i>(i)</i>	—	68
Purchases of raw coal	<i>(i)</i>	—	12,269
		_____	_____

20. Related party transactions *(continued)*

(a) *(continued)*

Notes:

- (i) The transactions were conducted on basis mutually agreed by the respective parties, with reference to prevailing market rates or prices transacted with the Group's third parties customers/suppliers.
- (ii) The rental expense was charged based on the terms mutually agreed between the contractual parties.

All of the transactions above do not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in chapter 14A of the Exchange Listing Rules.

(b) Outstanding balances with related parties

Details of the Group's balances with the Non-controlling Shareholder are disclosed in notes 10, 11, 12, 13 and 14 to the financial statements.

(c) Commitments with a related party

On 30 May 2010, 金岩和嘉 entered into a 10-year operating lease arrangement ending 29 May 2020 with the Non-controlling Shareholder to lease the land for the Group's production plants. The total rental expenses paid to the Non-controlling Shareholder for the year are included in note (a) above. The total operating lease commitments due within one year, in the second to fifth years, and beyond the fifth years as at 30 June 2015 were approximately HK\$1,250,000 (31 December 2014: HK\$1,250,000), HK\$5,000,000 (31 December 2014: HK\$5,000,000) and Nil (31 December 2014: HK\$521,000), respectively.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

30 June 2015	Group		
	Loans and receivables	Available- for-sale financial assets	Total
Financial assets	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments	—	4,400	4,400
Trade and bills receivables	179,365	—	179,365
Financial assets included in prepayments, deposits and other receivables	245,168	—	245,168
Amount due from the Non-controlling Shareholder	232,718	—	232,718
Cash and cash equivalents	2,056	—	2,056
	659,307	4,400	663,707

21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

30 June 2015	Group
Financial liabilities	Financial liabilities at amortised costs
	HK\$'000
Trade payables	503,750
Financial liabilities included in other payables and accruals	362,286
Interest-bearing bank and other borrowings	20,826
Amount due to the Non-controlling Shareholder	50,201
	<hr/>
	937,063
	<hr/> <hr/>

31 December 2014	Group		
Financial assets	Loans and receivables	Available-for-sale financial assets	Total
	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments	—	4,400	4,400
Trade and bills receivables	149,520	—	149,520
Financial assets included in prepayments, deposits and other receivables	409,584	—	409,584
Amount due from the Non-controlling Shareholder	113,098	—	113,098
Cash and cash equivalents	1,679	—	1,679
	<hr/>	<hr/>	<hr/>
	673,881	4,400	678,281
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

	Group
31 December 2014	
Financial liabilities	Financial liabilities at amortised costs <i>HK\$'000</i>
Trade payables	511,117
Financial liabilities included in other payables, accruals and deposits received	441,129
Interest-bearing bank and other borrowings	119,777
Amount due to the Non-controlling Shareholder	50,201
	<hr/>
	1,122,224
	<hr/> <hr/>

22. FAIR VALUE HIERARCHY**(a) Financial assets and liabilities measured at fair value****Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

22. FAIR VALUE HIERARCHY (continued)

(a) *Financial assets and liabilities measured at fair value (continued)*

Fair value hierarchy (continued)

Asset measured at fair value:

Group

As at 30 June 2015 and 31 December 2014

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Available-for-sale investments	<u>1,900</u>	<u>—</u>	<u>—</u>	<u>1,900</u>

Liabilities measured at fair value:

During the six months ended 30 June 2015, there were no transfers between Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) *Fair values of financial assets and liabilities carried at other than fair value*

The Directors consider that the carrying amounts of financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 30 June 2015.

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended 30 June 2015 (2014: Nil).

FINANCIAL HIGHLIGHT

For the six months ended 30 June 2015, Huscoke Resources Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded revenue of approximately HK\$313,201,000 (2014: HK\$370,634,000), representing a decrease of around 15.5% compared to that of 2014. However, benefited from the decrease of raw material cost, the gross profit margin has improved from negative 15.8% to positive 1.8%.

The Group recorded a consolidated net profit of approximately HK\$25,356,000 (2014: loss of approximately HK\$865,835,000) were mainly due to (i) the decrease of cost of production due to reduction of raw material cost; (ii) the one time gain in the sale of our office property of approximately HK\$71,446,000 after deducting the disposal expenses and its carrying amount; and (iii) no impairment is recorded in the Review Period as compared to a total of approximately HK\$750 million of impairment recorded in the corresponding period of 2014 (composed of impairment on items of property, plant and equipment of approximately HK\$361,406,000 and impairment on goodwill of HK\$388,544,000).

BUSINESS REVIEW

The coke market continued to be sluggish and there is no sign of recovery in the first half year of 2015 subsequent to 2014.

China’s economy entered an era of slow growth in recent years. With prolonged tightening policies on the property market, the demand of steel remained low in the recent years and which led to the low price of our major product, coke, an ingredient in steel making process.

BUSINESS REVIEW*(continued)*

Coke trading segment

As part of the PRC governmental measures to meet the December 2012 deadline set by the World Trade Organization to remove export restrictions on industrial materials, starting from early January 2013, coke exports are no longer restricted by quota (which was the previous regulatory regime) but are regulated by a regime of export licenses. In addition, coke export tax charged at the rate of 40% in the past has also been abolished. These factors reopened the Chinese coke export market. However, the international coke market is already oversaturated and the reopening of the Chinese coke export market exacerbated the oversupply, thus pressuring prices further. These market conditions hindered the Group's attempt to restart the coke export business and the market condition remain the same in current period.

To continue the Group's effort in exploring other business opportunities in coke trading segment and also the establishment of long-term business corporation relationship with Kailuan (Hong Kong) International Co. Ltd ("Kailuan"), the Group established a Hong Kong company, Herong Resources Limited ("Herong"), with Rontac Resources Company Limited ("Rontac") on 20 May 2015. The shareholding percentages of the Group and Rontac in Herong were 51% and 49%, respectively. Kailuan is 40% owned by Rontac. It is expected this company is to engage in coke and coal trading business and expected to commence business in the second half year of 2015.

For the domestic coke market, due to that the unfavorable local market condition did not change and thus the coke trading business has continue to be been frozen in this review period.

As such, the Group did not record any coke trading revenue in this review period (2014: Nil).

BUSINESS REVIEW*(continued)***Coal-related ancillary segment**

The coal-related ancillary segment related to the washing of raw coal into refined coal for sales and for further processing, and the sale of electricity and heat which are generated as the by-products during washing of raw coal.

The sluggish coke market which led to reduction of activities of our coal-related ancillary segment situation continued in the current period, with slightly recovery sign. External sales from the coal-related ancillary segment increased from HK\$19,065,000 in the first half of 2014 to HK\$48,021,000 in the first half of 2015, representing 151.9% increase. Although this appeared to be a substantial increase as compared with the first half of 2014, it only represented about 49.6% of the external sales recorded in the first half of 2013, which amounted to HK\$96,764,000. We expect the market condition will recover, but the recovery will be very slow.

Due to the sluggish market, the production of the Non-controlling Shareholder decreased, which lead to a decrease in electricity sales to the Non-controlling Shareholder from HK\$411,000 in 2014 to HK\$202,000 in the current review period.

Although the sluggish coke market condition continued, the Group benefited from the price decrease of the raw material, which resulted in lower cost of production and the Group recorded profit of HK\$47,358,000 for this segment in the current review period (2014: loss of HK\$372,724,000, which included impairment loss on goodwill amounting to HK\$388,544,000).

Coke production segment

Due to the weak coke price, the coke production segment recorded reduction in revenue from HK\$351,569,000 in the first half of 2014 to HK\$265,180,000 in the first half of 2015, representing approximately 24.6% decrease.

Although the sluggish coke market condition continued, the Group benefited from the price decrease of the raw material cost, which resulted in lower cost of production and the Group recorded profit of HK\$16,988,000 for this segment in the current review period (2014: loss of HK\$449,927,000, which included impairment loss on items of property, plant and equipment amounting to HK\$361,406,000).

ANNUAL COKE SALES AND PURCHASE AGREEMENT AND DISPOSAL OF PROPERTY

On 22 May 2013, the Company, Kailuan (Hong Kong) International Co. Ltd. ("Kailuan") and Mr. Wu Jixian ("Mr. Wu"), a former non-executive director and substantial shareholder of the Company, entered into an annual coke sale and purchase agreement ("Annual Coke S&P Agreement"). Under the Annual Coke S&P Agreement, the Group has agreed, among other terms, to supply 50,000 tonnes coke (subject to certain adjustment level) to Kailuan each month during the period from 24 May 2013 to 23 May 2014. Total quantity to be sold by the Group to Kailuan would be around 600,000 tonnes during the agreement period. Should the quantity supplied falls short of the agreed supply of at least 50,000 tonnes +/-10% per month, the Group shall pay default liquidated damages to Kailuan at HK\$44/tonne based on the supply shortage (calculated as 150,000 tonnes less actual supply).

Under the Annual Coke S&P Agreement, Kailuan has agreed to pay HK\$220,000,000 to the Group as deposit (the "Deposit"), the Deposit is interest free and is repayable on or before 23 May 2014.

The Annual Coke S&P Agreement expired on 23 May 2014. On 27 March 2014, the Company entered into a letter of intent with Kailuan to extend the term of the coke purchase agreement and the repayment date of the Deposit received for a period of 6 months or 12 months upon its expiry on 23 May 2014.

Due to the weak coke market, there had not been any revenue recorded related to the Annual Coke S&P Agreement during the whole agreement period.

In order to repay the Deposit and the default liquidated damages to Kailuan, on obtaining written consent from Kailuan, the Group entered into an agreement with an Independent Third Party on 10 September 2014 pursuant to which the Group has conditionally agreed to dispose the Group's land and building situated in Hong Kong (the "Property") which was used to secure the Deposit from Kailuan under second mortgage (the "Disposal"), subject, inter alia, to the approval of shareholders of the Company.

As at 31 December 2014, the Group was in default of repayment of the Deposit and on 23 January 2015, a debt repayment scheme agreement was entered into by Kailuan, the Company and Ocean Signal Limited, a subsidiary of the Group. It was agreed that the proceeds from disposal of the Property shall not be less than HK\$179.7 million, and will be used firstly to settle the mortgaged bank loan and the disposal expense, with the remaining amount to partially repay the Deposit.

ANNUAL COKE SALES AND PURCHASE AGREEMENT AND DISPOSAL OF PROPERTY*(continued)*

On the same day, an interest scheme agreement was entered into by Kailuan, the Company and Ocean Signal Limited, pursuant to which:

- the Group agreed to pay default interest at an annual rate of 13% per annum from 24 May 2014 (contractual due date) to 24 December 2014 which amounted to approximately HK\$16,683,000;
- default interest rate subsequent to 24 December 2014 is subject to further negotiation;
- the Group agreed to pay an additional sum of HK\$2,200,000 to Kailuan as compensation for delinquent repayment of the Group on top of the aforesaid default interest.

On 18 March 2015, the Company and Kailuan entered into a supplemental agreement with regard to the Deposit, pursuant to which Kailuan agreed not to demand repayment of the principal amount of the Deposit and the related interest and penalty charge of approximately HK\$245,483,000 before 1 July 2016, except that the Deposit should be reduced by the remaining proceeds from the disposal of the Property after repayment of the mortgaged bank loan and the disposal expenses.

Under the same supplemental agreement, Kailuan will purchase 600,000 tonnes of coke per year from the Group. Kailuan has undertaken that the Group will be given 5.5% net profit margin from those purchases (i.e. after deducting third party coke purchase price and other costs).

The approval of shareholders for the disposal of the Property was obtained on 13 May 2015 and the completion of the Disposal took place on 29 May 2015.

At 30 June 2015, the Group was in still in default of repayment of the Deposit, and interest of approximately HK\$154,706,000 (31 December 2014: HK\$245,483,000).

ANNUAL COKE SALES AND PURCHASE AGREEMENT AND DISPOSAL OF PROPERTY *(continued)*

The Deposit was secured by the following:

- a pledge of 1,157,000,000 shares of the Company, as to 657,000,000 shares owned by Mr. Wu Jixian, a former non-executive director and substantial shareholder of the Company and as to 500,000,000 shares of the Company held by certain shareholders of the Company;
- a pledge by Mr. Wu Jixian of the convertible bonds issued in 2008 with an aggregate outstanding principal amount of HK\$582,000,000 and a carrying amount of HK\$829,350,000 (which, if the convertible rights attached thereto are exercised in full, will be convertible into 1,455,000,000 shares of the Company). However, on 29 July 2015, Kailuan signed a Deed of Release and agreed to release the pledge of convertible bonds from Mr. Wu.

During the review period, the default liquidated damages, compensation and interest charged by Kailuan amounted to approximately HK\$13,073,000 (2014: HK\$13,200,000).

Further details of the Annual Coke S&P Agreement, the disposal of the Property and the deposit repayment and interest arrangements are set out in the Company's announcements dated 23 May 2013 and 29 May 2013, 23 May 2014, 10 September 2014, 30 September 2014, 30 October 2014, 24 November 2014, 29 December 2014, 23 January 2015, 12 February 2015, 18 March 2015, 26 March 2015, 24 April 2015, 13 May 2015 and 29 May 2015 respectively and the Circular dated 23 April 2015 in relation to the Disposal.

CHARGES OVER ASSETS

As at 30 June 2015, the Group had no pledged property (31 December 2014: pledged certain land and buildings which have an aggregate carrying value of approximately HK\$102,462,000 to secure a mortgage loan of the Group and the Deposit from Kailuan). The amount of the secured bank borrowings outstanding at 31 December 2014 was approximately HK\$67,451,000. The whole amount of the mortgage loan was repaid on 29 May 2015.

The Group had no pledged deposit as at 30 June 2015 (31 December 2014: Nil).

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 shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the review period.

The Group's principal financial instruments comprise the Deposit from Kailuan and interest-bearing bank and 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 and bills receivables, deposits and other receivables, amounts due from/to the Non-controlling Shareholder, cash and bank balances, trade and bills payables, and other payables, and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group regularly monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, other payables, accruals and deposits received, interest-bearing bank and other borrowings, an amount due to the Non-controlling Shareholder, net of cash and bank balances. Capital includes the convertible bonds issued in 2008 and equity attributable to owners of the parent. The gearing ratio as at 30 June 2015 was 86.8% (31 December 2014: 91.3%). The decrease in the gearing ratio was mainly resulted from the decreases in both other payables, accruals and deposit received and interest-bearing bank and other borrowings due to the repayment of the mortgage loan and Deposit to Kailuan from the funds of disposal of the Property during the review period.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT *(continued)*

As at 30 June 2015, the equity attributable to owners of the parent amounted to approximately HK\$153,985,000 (31 December 2014: approximately HK\$124,994,000). Taking into account of shares issued upon full conversion of convertible bonds issued in 2008, the equity attributable to owners of the Company per share was HK\$0.03 per share (31 December 2014: HK\$0.02 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit incurred during the review period.

TREASURY POLICES

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.

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were approximately HK\$265,471,000 (31 December 2014: approximately HK\$499,414,000) and 0.74 (31 December 2014: 0.62), respectively, which include current portion of interest-bearing bank and other borrowings of approximately HK\$20,826,000 (31 December 2014: approximately HK\$119,777,000).

Due to adoption of HK Interpretation 5, the Group's mortgage loan of approximately HK\$62,853,000 as of 31 December 2014 was repayable beyond twelve months from the end of the reporting period in accordance with its original repayment schedule was classified as current liability because the loan terms contained a repayment on demand clause. The whole mortgage loan was repaid on 29 May 2015.

As at 30 June 2015, the Group's cash and bank balances amounted to approximately HK\$2,056,000 (31 December 2014: approximately HK\$1,679,000). As at 30 June 2015, the Group had total bank and other borrowings amounting to approximately HK\$20,826,000 (31 December 2014: approximately HK\$119,777,000).

As of 30 June 2015 and 31 December 2014, the Group had no bills payable.

MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN

As set out in the Independent Auditors' Report to the consolidated financial statements for the year ended 31 December 2014, the Auditors of the Group had issued a disclaimer of opinion in relation to the multiple uncertainties relating to the going concern of the Group. Please refer to the said disclaimer and the audited financial statements for the year ended 31 December 2014 for details.

During the review period, the directors were endeavoring in maintaining the Group as a going concern and improving the Group's liquidity and financial position of the Group, some of the results are stated as below:

- i. The Group had a bank loan granted by a bank in the People's Republic of China ("PRC") of approximately HK\$37,500,000 (equivalent to RMB30,000,000) as at 31 December 2014 for working capital purposes. The loan had all been repaid during the review period;
- ii. On completion of the disposal of the property of the Group, the Group had repaid the whole mortgage loan, approximately HK\$67,451,000 outstanding at 31 December 2014 and part of the Deposit and interest from Kailuan, which was HK\$245,483,000 as of 31 December 2014 and decreased to HK\$154,706,000 as of 30 June 2015;
- iii. The gearing ratio, which is net debt divided by the adjusted capital plus net debt, decreased from 91.3% as at 31 December 2014 to 86.8% as at 30 June 2015, which was mainly resulted from the decreases in both other payables, accruals and deposit received and interest-bearing bank and other borrowings;
- iv. The net current liabilities and current ratio changed from approximately HK\$499,414,000 and 0.62 as of 31 December 2014, respectively to approximately HK\$265,471,000 and 0.74 as of 30 June 2015; and
- v. The net cash flows from operating activities of the Group increased from approximately HK\$20,119,000 for the six months ended 30 June 2014 to approximately HK\$30,123,000 for the six months ended 30 June 2015, representing 49.7% increase.

The directors will continue to carefully monitor and attempt to improve the Group's liquidity and financial position, however, since the market condition is still difficult and is not expected to be recovered quickly in the foreseeable future, thus certain uncertainties relating to the going concern of the Group still exists.

INTEREST RATE RISK

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to short term cash and bank balances. The Group is also exposed to cash flow interest rate risk through the impact of interest rate changes on deposits with banks and floating interest rate bank borrowings. To minimize the fair value interest rate risk, the Group keeps its borrowings with a mix of fixed and floating rates of interest. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

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 ("HKD"). 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 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

EMPLOYEES AND REMUNERATION

As at 30 June 2015, the Group had approximately 1,525 employees (31 December 2014: approximately 1,600 employees). Less than 10 staffs are stationed in Hong Kong and the rest are PRC workers. The Group's staff costs amounted to approximately HK\$29,803,000 for the period ended 30 June 2015 and approximately HK\$31,781,000 was recorded in the corresponding period of 2014.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward motivated individual performance. Up to the date of this report, there are 85,000,000 share options outstanding under the share option scheme.

PROSPECTS

The Group had been facing challenges from the downturn in the coke industry in recent years and the situation is expected to remain for another one to two years. The environmental policies and excess capacity constraints will be the major factors affecting the development coke industry players in the future.

It is expected the macroeconomic and the coke industry weakness will continue this year. Excess capacity had been a serious problem for many industries in China, including the steel industry and coke industry, and this is still the main problem faced by the market players in those industries. Environmental focus restricting the coke production quantities is a support to the coke price, but the weak market demand is still making the industry not able to enter into a more balanced supply and demand cycle. Overall, the 2015 coke market will still continue a weak trend.

Moreover, the chairmanship of Asia-Pacific Economic Cooperation ("APEC") in 2014 has hosted throughout the year a series of APEC meetings and supporting events including the Economic Leaders' Meeting, Ministerial Meetings, Senior Officials' Meetings, and meetings among committees, sub-committees, and working groups across the APEC fora. This makes the Chinese government focus more on environmental policies.

PROSPECTS *(continued)*

Since smaller coke production facilities are usually of less advanced and environmentally friendly technology and lower efficiency, one of the works of the government is to close down small coke production plants. This also helps to solve the excess capacity problems. Thus, the coke producers will have to meet the size, energy consumption and environmental protection standards in order to stay in the industry.

To tackle the challenges mentioned above, the management has been implementing various strategies to improve the Group's operating performance and also making investments from internal source of funding to make the Group's production facilities comply with higher environmental standards.

Moreover, the management had been considering of spending more effort on the attempt to restart the Group's export trading business. On 18 March 2015, the Group and Kailuan entered into a Supplemental Agreement pursuant to which Kailuan will purchase 600,000 tonnes coke per year from the Group. Kailuan has undertaken that the Group will be given 5.5% net profit margin from those purchases (after deducting third party coke purchase price and other costs). Apart from this, the Group also established a Hong Kong Company, Herong Resources Limited ("Herong"), with Rontac Herong is to be engaged in coke and coal trading business and expected to commence business in the second half of 2015. The Group will try to find new source of suppliers which meets the export coke/coal quality standards. The management hopes that this coke/coal export trading business can help the Group to improve its gross profit margin and alleviate the effect on the Group imposed by the weak China coke market.

In September 2010, the Group has signed a non-legal binding memorandum of understandings ("MOU") with the Non-Controlling Shareholder. This MOU mainly related to the proposed cooperation with the Non-Controlling Shareholder for the construction of a new coking plant with annual capacity of 2 million tonnes. Up to the date of this report, the Group has invested around RMB2,000,000 in this project and there is no additional commitment for the Group at this stage. The construction works of the new plant has started in 2011 and expect to be finished in 2015 or early 2016. It was wholly financed by the Non-Controlling Shareholder. The Group will assess the financial abilities and the prospects of the industry after the coking plant commence production and consider if the Group will join the project or not.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive directors namely Lam Hoy Lee, Laurie, To Wing Tim, Paddy and Lau Ka Ho. It has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal control and financial reporting matters. It has reviewed the interim financial statements for the six months ended 30 June 2015.

OTHER INFORMATION

DIRECTORS' INTERESTS

As at 30 June 2015, the interests of the Directors and the chief executives and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in the Shares

Name of Director	Notes	Nature of Interest	Number of shares held	Percentage of the Company's existing issued share capital (%)
Gao Jianguo	(a)	Beneficial owner	25,062,000	0.55
To Wing Tim Paddy	(b)	Beneficial owner and Interest of spouse	1,160,000	0.03

DIRECTORS' INTERESTS (continued)**Long positions in the underlying Shares**

Name of Director	<i>Notes</i>	Nature of interest	Number of underlying shares held	Percentage of issued share capital (%)
Li Baoqi	(c)	Beneficial owner	27,500,000	0.61
Gao Jianguo	(d)	Beneficial owner	25,000,000	0.55

Notes:

- (a) As at 30 June 2015, Mr. Gao Jianguo, an executive Director, beneficially owned 25,062,000 Shares.
- (b) Among the 1,160,000 Shares held by Mr. To Wing Tim, Paddy, an independent non-executive Director, 300,000 Shares were held by Mr. To as beneficial owner and 860,000 Shares held by Ms. Leung Yuet Mei, the spouse of Mr. To. Accordingly, Mr. To was deemed to be interested in the said 1,160,000 Shares under Part XV of the SFO.
- (c) As at 30 June 2015, Mr. Li Baoqi, an executive Director was entitled to receive share options to subscribe for a maximum of 27,500,000 Shares upon exercise of the options in full.
- (d) As at 30 June 2015, Mr. Gao Jianguo, an executive Director was entitled to receive share options to subscribe for a maximum of 25,000,000 Shares upon exercise of the options in full.

Save as disclosed above, as at 30 June 2015, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the registered referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option schemes of the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company which had been notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register kept by the Company under section 336 of the SFO, were as follows:

Long positions in the Shares

Name of Shareholder	Nature of Interest	Number of shares held	Percentage of the Company's existing issued share capital (%)
Wu Jixian	Beneficial owner (Note a)	657,000,000	14.51

SUBSTANTIAL SHAREHOLDERS (continued)**Long positions in the underlying Shares**

Name of Shareholder	Nature of interest	Number of underlying Shares held	Percentage of the Company's existing issued share capital (%)
Wu Jixian	Beneficial owner (Note a)	1,455,000,000	32.13%
Kailuan	Beneficial owner (Note b)	1,157,000,000	25.55%
Kailuan (Group) Limited	Interest in controlled corporation (Note c)	1,157,000,000	25.55%
Kailuan (Hong Kong) Co., Limited	Interest in controlled corporation (Note c)	1,157,000,000	25.55%
Rontac Investment Company Limited	Interest in controlled corporation (Note c)	1,157,000,000	25.55%
Rontac Resources Company Limited	Interest in controlled corporation (Note c)	1,157,000,000	25.55%

Notes:

- (a) As at 30 June 2015, Mr. Wu Jixian beneficially owned 657,000,000 Shares, he was also interested in convertible bonds in the aggregate principal amount of HK\$582,000,000, which were convertible into 1,455,000,000 Shares. Mr. Wu has pledged all of his shares and convertible bonds to Kailuan in order to secure the deposit received of HK\$220 million from Kailuan as mentioned in the Annual Coke S&P Agreement. However, on 29 July 2015, Kailuan signed a Deed of Release and agreed to release the pledge of convertible bonds from Mr. Wu.
- (b) As at 30 June 2015, Mr. Wu had pledged his interest in 657,000,000 Shares and certain individual minority Shareholders have pledged their interests in 500,000,000 Shares in aggregate to Kailuan.
- (c) Kailuan is owned by Kailuan (Hong Kong) Co., Limited as to 51% and Rontac Resources Company Limited as to 40% which Kailuan (Hong Kong) Co., Limited is owned by Kailuan (Group) Limited as to 51% and Rontac Resources Company Limited is owned by Rontac Investment Company Limited as to 33.33%.

SUBSTANTIAL SHAREHOLDERS *(continued)*

Save as disclosed above, as at 30 June 2015, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which had been notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the six months ended 30 June 2015 with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules.

Code Provision A.6.7

Under code provision A.6.7 of the CG Code, the independent non-executive Directors and the non-executive Director should attend the general meetings of the Company. However, due to other business commitment, Mr. To Wing Tim, Paddy (independent non-executive Director), and Mr. Lau Ka Ho (independent non-executive Director) did not attend the special general meeting held on 13 May 2015. Despite the fact that the mentioned Directors were not able to attend that general meeting, all directors were fully aware of the matters discussed and the corresponding resolutions through discussions among themselves.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by the directors of the Company (the "Code"). Having made specific enquiry of the directors of the Company, all directors confirmed that they had complied with the required standard as set out in the Code during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM REPORT

This report is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>) and the Company (<http://www.huscoke.com>).

The 2015 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

BOARD OF DIRECTORS

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

By Order of the Board
Li Baoqi
Chief Executive Officer

Hong Kong, 30 September 2015