HUSCOKE RESOURCES HOLDINGS LIMITED

和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

Website: http://www.huscoke.com

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the "Board") of Huscoke Resources Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013 with comparative figures for the corresponding period of 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**502,595**	653,468
Cost of sales			
— Amortisation of other intangible assets		**—**	(8,402)
— Others		**(479,066)**	(655,114)
Gross profit/(loss)		**23,529**	(10,048)
Other income and gains		**8,703**	7,254
Selling and distribution costs		**(25,588)**	(16,652)
Administrative expenses		**(37,911)**	(31,100)
Gain on redemption of convertible bonds		**14,804**	—
Loss arising from modification of convertible bonds		**—**	(9,794)
Fair value change on derivative financial instrument		**46,025**	36,751
Finance costs	*4*	**(21,902)**	(28,730)
Profit/(loss) before tax	*5*	**7,660**	(52,319)
Income tax credit	*6*	**178**	1,599
Profit/(loss) for the period		**7,838**	(50,720)
Profit/(loss) for the period attributable to:			
Owners of the parent		**10,436**	(46,422)
Non-controlling interests		**(2,598)**	(4,298)
		7,838	(50,720)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic			
— For profit/(loss) for the period	*7*	**HK0.17 cents**	(HK0.78 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period	**7,838**	(50,720)
Other comprehensive income for the period:		
Item that may be reclassified to profit or loss		
— Exchange differences arising on translation of foreign operation	**22,278**	—
Total comprehensive income/(loss) for the period	**30,116**	(50,720)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the parent	**30,486**	(46,422)
Non-controlling interests	**(370)**	(4,298)
	30,116	(50,720)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	At 30 June 2013 (Unaudited) *HK$'000*	At 31 December 2012 (Audited) *HK$'000*
Non-current assets		
Property, plant and equipment	**1,311,071**	1,335,534
Goodwill	**388,544**	388,544
Available-for-sale investments	**4,732**	4,688
Total non-current assets	**1,704,347**	1,728,766
Current assets		
Inventories	**116,022**	112,225
Trade and bills receivables	**177,583**	67,348
Prepayments, deposits and other receivables	**276,577**	405,197
Amount due from the Non-controlling Shareholder	**66,356**	74,351
Tax recoverable	**7,946**	7,946
Cash and cash equivalents	**37,734**	9,986
Total current assets	**682,218**	677,053
Current liabilities		
Trade and bills payables	**336,436**	261,342
Other payables and accruals	**549,527**	183,628
Interest-bearing bank and other borrowings	**121,633**	128,833
Promissory note	**—**	231,171
Convertible bonds	**—**	205,789
Derivative financial instrument	**—**	46,025
Total current liabilities	**1,007,596**	1,056,788
Net current liabilities	**(325,378)**	(379,735)
Total assets less current liabilities	**1,378,969**	1,349,031
Non-current liabilities		
Amount due to the Non-controlling Shareholder	**19,201**	19,201
Deferred tax liabilities	**8,922**	9,100
Total non-current liabilities	**28,123**	28,301
Net assets	**1,350,846**	1,320,730
Equity		
Equity attributable to the owners of parent		
Issued share capital	**452,293**	452,293
Reserves	**753,556**	723,070
	1,205,849	1,175,363
Non-controlling interests	**144,997**	145,367
Total equity	**1,350,846**	1,320,730

Notes:

1. **Basis of preparation**

The condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34"). They have been prepared on the historical cost convention, except for equity investment at fair value through profit or loss, certain available-for-sale investments and derivative financial instrument, which have been measured at fair value.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2012.

2. **Principal accounting policies**

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (HKFRSs") as of 1 January 2013, noted below:

HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Transition Guidance
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 13	*Fair Value Measurement*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements to 2009-2011 Cycles	Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised HKFRS and interpretations does not have significant financial effect and implication to the Group's accounting policies applied in these interim financial statements except for below:

HKFRS 10 "Consolidated Financial Statements" provides additional guidance on the determination of control. Under HKFRS 10, the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has applied HKFRS 10 retrospectively in accordance with the standard which has no significant impact on the results and the financial position of the Group.

HKFRS 11 "Joint Arrangements" classifies joint arrangements as either joint operations or joint ventures. The determination of whether a joint arrangement is a joint operation or a joint venture is based on the parties' rights and obligations under the arrangement and the existence of a separate legal vehicle is no longer a key factor. The Group has applied HKFRS 11 retrospectively in accordance with the standard which has no significant impact on the results and the financial position of the Group.

HKFRS 13 "Fair Value Measurements" defines fair value and provides a single source of fair value measurement and disclosure requirements for use across HKFRS. The requirements do not extend the use of fair value accounting. The Group has applied the new fair value measurement and disclosure requirements prospectively in accordance with the standard.

The following new or amended standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group:

- HKAS 32 (Amendment) – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
- HKAS 36 (Amendment) – Recoverable Amount Disclosures for Non-financial Assets[1]
- HKFRS 7 and HKFRS 9 (Amendments) – Mandatory Effective Date and Transition Disclosures[2]
- HKFRS 9 – Financial Instruments[2]
- HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments) – Investment Entities[1]
- HK(IFRIC) Interpretation 21 – Levies[1]

[1] Changes effective for annual periods beginning on or after 1 January 2014
[2] Changes effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operation and financial position.

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, gain on redemption of convertible bonds, loss arising from modification of convertible bonds, fair value change on derivative financial instrument, 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.

Six months ended 30 June 2013

	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	**22,594**	**96,764**	**383,237**	**—**	**502,595**
— intersegment sales	**—**	**266,177**	**—**	**(266,177)**	**—**
Other income and gains	**—**	**8,694**	**—**	**—**	**8,694**
Total	**22,594**	**371,635**	**383,237**	**(266,177)**	**511,289**
Segment results	**4,197**	**33,892**	**(28,089)**	**(5,323)**	**4,677**
Interest income					**9**
Corporate administrative expenses					**(37,638)**
Gain on redemption of convertible bonds					**14,804**
Fair value change on derivative financial instrument					**46,025**
Unallocated finance costs					**(20,217)**
Profit before tax					**7,660**
Income tax credit					**178**
Profit for the period					**7,838**

Six months ended 30 June 2012

	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	—	164,485	488,983	—	653,468
— intersegment sales	—	287,700	—	(287,700)	—
Other income and gains	—	7,254	—	—	7,254
Total	—	459,439	488,983	(287,700)	660,722
Segment results	(8,407)	15,133	(48,379)	(2,877)	(44,530)
Interest income					23
Corporate administrative expenses					(8,544)
Loss arising from modification of convertible bonds					(9,794)
Fair value change on derivative financial instrument					36,751
Unallocated finance costs					(26,225)
Loss before tax					(52,319)
Income tax credit					1,599
Loss for the period					(50,720)

4. Finance costs

	For the six months ended 30 June **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000*
Interest on bank and other borrowings, wholly repayable within five years	**2,971**	9,157
Interest on convertible bonds	**10,860**	9,905
Interest on promissory notes	**6,386**	7,140
Interest on discounted bills	**1,685**	2,528
	21,902	28,730

5. Profit/(Loss) before tax

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

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation and amortisation	**51,172**	55,354

6. Income tax credit

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax expenses		
Overprovision of Hong Kong profits tax in prior years	—	—
Overprovision of overseas tax in prior year	—	124
Overseas taxation	—	—
	—	124
Deferred income tax	**178**	1,475
	178	1,599

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2012 and 2013 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.

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

The calculation of the basic earnings/(loss) per share attributable to the owners of the parent is based on the following data:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000/'000	*HK$'000/'000*
Earnings/(Loss) for the purpose of basic earnings/(loss) per share	**10,436**	(46,422)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**5,977,926**	5,977,926

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.

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended 30 June 2013 (2012: Nil).

FINANCIAL HIGHLIGHT

For the six months ended 30 June 2013, Huscoke Resources Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded revenue of approximately HK$502,595,000 (2012: HK$653,468,000), representing a decrease of around 23.1% compared to that of 2012. Gross profit margin has increased from negative 1.5% to positive 4.7%.

EBITDA of the Group has increased from HK$31,765,000 in 2012 to HK$80,734,000 in 2013. The Group recorded a gain attributable to owners of the parent of HK$10,436,000 (2012: loss of HK$46,422,000).

Increase in both gross profit margin and net profits was mainly due to the decrease in the purchase cost of raw materials, the written-off of the derivative financial instruments liability related to the HK$154 million 8 percent. Senior Unsubordinated and Secured Convertible Bonds issued to Passion Grant Investment Limited and the gain on the redemption of such bonds, having regard to the final amount paid in May 2013 for the settlement of such bonds.

BUSINESS REVIEW

Coke price rebounded near the year end of 2012 till February 2013, with the market expectation of better economic outlook after the 18th National Congress of the Communist Party of China. However, the economic stimulus expected to be introduced by the new government and the pace of speeding up the urbanization process did not meet the market expectations, which led to the decrease of the coke price since March 2013 and the coke price remained weak till June 2013. Moreover, the second quarter is usually a weaker quarter as compare to the fourth quarter for coke industry.

Following the abolition of the 40% coke export tax and the change of coke export regulation from export quota system to a regime of export license in 2013, the Group restarted the coke export business in this year, while the momentum pick up slowly and the Group only recorded HK$5,740,000 coke export revenue in the first half year of 2013. For the domestic coke trading business, the total revenue recorded was HK$16,854,000, represent 14.7% increase as compared to that of the second half of 2012 when we restarted this business. The Group would extend efforts in the negotiation with our existing and new customers and source coke suppliers with better price and hopefully the revenue generated from the coke trading segment will grow continuously in the second half year of 2013.

Revenue from the coal-related ancillary segment dropped from HK$164,485,000 in 2012 to HK$96,764,000 in the first half year 2013, representing 41.2% decrease. The decrease was mainly due to the decrease in sales of refined coal since more refined coal was used in the coke production process.

Poor demand of coke during the review period also led to the drops in revenue generated from the coke production segment from HK$488,983,000 in the first half year of 2012 to HK$383,237,000 in the first half year of 2013, representing 21.6% decrease. The decrease was both due to the decrease in coke price and the sales volume.

Although the Group suffered from weak coke demand and recorded decrease in revenue, benefited from the decrease in the purchase price of the major raw material, raw coal, the gross profit margin for had increased from negative 1.5% in 2012 to positive 4.7% in the first half year 2013.

ANNUAL COKE SALES AND PURCHASE AGREEMENT

On 22 May 2013, the Group, Kailuan (an independent third party) and Mr. Wu Jixian (a substantial shareholder and non-executive Director of the Group) entered into an annual coke sale and purchase agreement ("Agreement"). Under the Agreement, the Group has agreed, among other terms, will 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.

Under the Agreement, Kailuan has agreed to pay HK$220 million to the Group as prepayment, and Mr. Wu has agreed to pledge in favour of Kailuan (i) 657 million shares of the Company and (ii) convertible bonds in the aggregate principal amount of HK$582 million (which, if the convertible rights attaching thereto are exercise in full, will be convertible into 1,455 million shares of the Company), held by him.

The Group will enter into a second mortgage with Kailuan relating to the property held by the Group located at Units 4203, 4205, 4206 and 4208, 42nd Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Should the Group dispose the property held by the Group located at Units 4203, 4205, 4206 and 4208, 42nd Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong after obtaining written consent from Kailuan, the net proceed received after repayment of the mortgage loan for the property will be used for settlement of the amount due to Kailuan first.

Moreover, in relation to the Agreement, Mr. Wu and Mr. Li Baoqi (the Chief Executive Officer and a executive Director of the Group) made certain undertakings to Kailuan.

Further details of the Annual Coke S&P Agreement are set out in the Company's announcement dated 23 May 2013.

Due to the weak coal market, upto the date of this announcement, there had not been any revenue recorded related to this Annual Coke S&P Agreement.

REDEMPTION OF THE CONVERTIBLE BONDS

On 24 May 2010, the Group has issued a HK$154 million 8 percent. Senior Unsubordinated and Secured Convertible Bonds to Passion Grant Investment Limited ("PGI CB"). Due to the occurrence of two events of defaults in 2011, the Group and PGI entered into entered into amendment agreements and supplemental deeds in 2011 ("PGI Amendments"). Further details of related to the PGI Amendments are set out in the Company's circular dated 2 February 2012.

The PGI Amendments were conditional as at 31 December 2011 and subject to the fulfilment for certain conditions including the approval of shareholders at a special general meeting. The approval of shareholders was obtained, and fulfilment of other conditions was achieved, on 28 February 2012. The modifications under the PGI Amendments constituted significant modifications and were accounted for as an extinguishment of original PGI CB and an issue of a new PGI CB.

On 31 December 2012, the Group had not complied with certain financial covenants stipulated in the PGI Amendments, in particular, "the net assets of the Company based on the audited consolidated financial statements for the most recent financial year or the audited consolidated management account of the most recent quarter, i.e. 31 December 2012, were less than HK$1.5 billion". Thus derivative financial instruments of HK$46,025,000 were recorded which represented the fair value of the options on the PGI CB as at 31 December 2012.

The Group come into an agreement with PGI to fully redeem the PGI CB on their maturity date on 24 May 2013 and having regard to the final amount paid for the settlement of such bonds, HK$14,804,000 gain arising from redemption of convertible bond was recorded. Moreover, the derivative financial instruments liability related to the bond was fully written-off, which resulted in the gain on the fair value change in derivative financial instrument amounting to HK$46,025,000 recorded for this review period.

CHARGES OVER ASSETS

As at 30 June 2013, the Group pledged certain land and buildings which have an aggregate carrying value of approximately HK$106,012,000 (31 December 2012: HK$107,195,000) to secure a mortgage loan and general banking facilities granted to the Group.

Moreover, the Group had entered into a second mortgage with Kailuan relating to those land and buildings to secure the HK$220,000,000 prepayment paid by Kailuan to the Group pursuant to the Annual Coke S&P Agreement between the Group and Kailuan.

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were HK$325,378,000 (31 December 2012: HK$379,735,000) and 0.68 (31 December 2012: 0.64) respectively as at 30 June 2013, which include convertible bonds of Nil (31 December 2012: HK$205,789,000), interest-bearing bank and other borrowings of HK$121,633,000 (31 December 2012: HK$128,833,000) and promissory notes of Nil (31 December 2012: HK$231,171,000). The decrease in net current liabilities is mainly due to the settlement of the promissory note, the redemption of the convertible bonds, and also the written off of the derivative financial instruments related to the convertible bonds during the review period.

Due to adoption of HK Interpretation 5, the Group's mortgage loan of HK$69,691,000 (31 December 2012: HK$71,863,000) which is 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 Group's bank balances and cash equivalents amounted to HK$37,734,000 (31 December 2012: HK$9,986).

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group is taking the follow measures during the review period:

a) the Group entered into a bank facility letter for additional banking facilities totaling RMB200 million;

b) the settlement terms of other borrowing of HK$15,594,000 which was repayable on demand as at 31 December 2012 had been rescheduled, and is now not repayable before 31 May 2014; and

c) management has been implementing various strategies to improve the Group's operating performance.

After taking into account the above measures, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

EMPLOYEES AND REMUNERATION

As at 30 June 2013, the Group had approximately 1,900 employees (31 December 2012: approximately 1,800 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$31,054,000 for the period ended 30 June 2013 and approximately HK$22,110,000 was recorded in the last corresponding period.

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 and motivated individual performance. Up to the date of this announcement, there are 30,100,000 share options granted under the share option scheme.

PROSPECTS

For the existing business, the Group will continue its efforts to control the cost of production and negotiate with more customers. With the removal of the 40% coke export tax and the change of coke export regulation from export quota system to a regime of export license in 2013, the Group's export trading business resumed this year and the Group sees opportunities and believes the market will pick up in the coming years.

Although the domestic coke market did not recovered as expected in the first half year of 2013, the Group still believe the favorable factors, including the speeding up of the urbanization by the PRC government, the RMB650 billion total fixed assets investment in the national railway system to be made, will help in the recovery of the coke market.

The sharp increase in the purchase costs of raw materials due to the safety check of the coal mine under the PRC Governmental consolidation of coal mines exercise in 2011 taught Huscoke a lesson and reconfirms the Group's strategy in developing the upstream business. In August 2010, the Group has signed a non-legal binding memorandum of understandings ("First MOU") with the Non-controlling Shareholder of our Joint Venture in the PRC ("GRG"), for the proposed acquisition of coal mines. At the date of this announcement, most of the due diligence works including the financial, technical or valuation, on a targeted coal mine has been completed. The mine is currently in the progress of consolidation and had already obtained the business license. It is expected to resume production this year. The First MOU had been extended to 30 June 2012 and was expired subsequently. The Group planned to explore the possibilities for acquiring this mine again with GRG once the mine commences production again. Management considered that if the Group can acquire a nearby coal mine, it's coal supplies will be stable in both volume and price and also, we can enjoy the profit generated in coal mining, which is beneficial for the Group's long term development.

In September 2010, the Group has signed another non-legal binding memorandum of understandings ("Second MOU") with GRG. This Second MOU mainly related to the proposed cooperation with GRG for the construction of a new coking plant with annual capacity of 2 million tonnes. Up to the date of this Announcement, 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 was wholly financed by GRG itself and the Group will assess its financial abilities and the prospects of the industry before joining the project.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive directors. 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 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the six months ended 30 June 2013 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. Li Bao Qi, Mr. Wu Jixian, Mr. Lam Hoy Lee, Laurie, and Mr. Lau Ka Ho did not attend the special general meeting held on 28 March 2013. Despite the fact that the 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 and with the executive Directors.

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 2013.

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 announcement 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 2013 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 announcement, the Executive Directors of the Company are Mr. Gao Jianguo and Mr. Li Baoqi, Non-Executive Director is Mr. Wu Jixian and the Independent Non-Executive Directors 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, 28 August 2013