HUSCOKE HOLDINGS LIMITED
和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Huscoke Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2019 together with the relevant comparative figures for the last financial year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 HK$'000	2018 HK$'000 (Restated) (Note 16)
Revenue	4	**1,605,356**	1,478,049
Cost of sales		**(1,429,499)**	(1,232,228)
Gross profit		**175,857**	245,821
Other income and gains, net	4	**68,452**	44,953
Selling and distribution costs		**(123,024)**	(137,637)
Administrative expenses		**(88,018)**	(103,301)
Finance costs	5	**(11,409)**	(2,200)
Other operating income, net	6(b)	**4,392**	29,970
Reversal of impairment loss on items of property, plant and equipment		**–**	99,053
PROFIT BEFORE TAX	6	**26,250**	176,659
Income tax expense	7	**(11,547)**	(29,951)
PROFIT FOR THE YEAR		**14,703**	146,708
Other comprehensive income/(expense) Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**2,067**	(28,592)
Other comprehensive income/(expenses) for the year, net of tax		**2,067**	(28,592)
Total comprehensive income for the year		**16,770**	118,116

	Notes	**2019**	2018
		HK$'000	*HK$'000*
			(Restated)
			(Note 16)
Profit for the year attributable to:			
Owners of the Company		**9,761**	129,118
Non-controlling interests		**4,942**	17,590
		14,703	146,708
Total comprehensive income attributable to:			
Owners of the Company		**12,148**	103,104
Non-controlling interests		**4,622**	15,012
		16,770	118,116
Earnings per share	8		
Basic		**HK0.35 cents**	HK4.95 cents
Diluted		**HK0.35 cents**	HK4.77 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 HK$'000	2018 HK$'000 (Restated) (Note 16)
Non-current assets			
Property, plant and equipment		**576,422**	570,644
Goodwill		**–**	–
Interest in an associate	9	**–**	79,790
Financial assets at fair value through profit or loss		**1,508**	24,249
Total non-current assets		**577,930**	674,683
Current assets			
Inventories		**43,459**	85,377
Trade receivables	10	**643,781**	367,083
Prepayments, deposits and other receivables	11	**770,041**	365,808
Restricted bank deposits	13	**5,038**	–
Cash and bank balances	13	**20,839**	18,894
Total current assets		**1,483,158**	837,162
Current liabilities			
Trade payables	14	**476,658**	237,326
Other payables, accruals and deposit received	15	**735,312**	625,982
Other borrowings		**18,188**	–
Lease liabilities		**1,134**	–
Convertible bonds		**–**	43,526
Tax payable		**16,116**	5,150
Total current liabilities		**1,247,408**	911,984
Net current assets/(liabilities)		**235,750**	(74,822)
Total assets less current liabilities		**813,680**	599,861

	Notes	2019 HK$'000	2018 HK$'000 (Restated) (Note 16)
Non-current liabilities			
Other payables and deferred income	15	**5,034**	8,205
Other borrowings		**200,000**	18,188
Lease liabilities		**8,424**	–
Deferred tax liability		**5,593**	11,253
Total non-current liabilities		**219,051**	37,646
NET ASSETS		**594,629**	562,215
EQUITY			
Equity attributable to owners of the company			
Share capital		**28,707**	27,264
Reserves		**512,813**	486,464
		541,520	513,728
Non-controlling interests		**53,109**	48,487
TOTAL EQUITY		**594,629**	562,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CORPORATE INFORMATION

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

During the year, the Company and its subsidiary (collectively, the "**Group**") were involved in the following activities:

- coke trading business;
- coal-related ancillary business; and
- coke production business.

2.1 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

(c) Basis of presentation

These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2019

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015–2017 Cycle

A. HKFRS 16 – Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 Operating Leases-Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use assets at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018 at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

Consolidated statement of financial position as at 1 January 2019	*HK$'000*
Right-of-use assets presented in property, plant and equipment	12,801
Lease liabilities (non-current)	9,612
Lease liabilities (current)	3,189

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 January 2019:

Reconciliation of operating lease commitment to lease liabilities	*HK$'000*
Operating lease commitment as of 31 December 2018	34,123
Discounted using the lessee's incremental borrowing rate as at the date of initial application	(242)
Add: contract liabilities arising from exercising an option to extend a lease	8,296
Less: contracts outside the scope of HKFRS 16 *(Note)*	(29,221)
Less: short term lease for which lease terms end on or before 31 December 2019	(155)
Total lease liabilities as of 1 January 2019	12,801

Note: The lease agreement is cancelled before the commencement date of the lease. Accordingly, the lease is outside the scope of HKFRS 16.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is ranging from 4.9% to 5.3%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC) – Int4.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKAS 19 – Plan amendments, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2018 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2018 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2018 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2018 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform[1]
HKFRS 17	Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]

1 *Effective for annual periods beginning on or after 1 January 2020*

2 *Effective for annual periods beginning on or after 1 January 2021*

3 *The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.*

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. OPERATING SEGMENTS INFORMATION

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

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

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

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

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

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

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

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

Segments revenue and results

For the year ended 31 December 2019

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segments revenue					
– external sale	**2,540**	**168,505**	**1,434,311**	**–**	**1,605,356**
– intersegment sale	**–**	**108,288**	**–**	**(108,288)**	**–**
Other income	**–**	**45,878**	**–**	**–**	**45,878**
Total	**2,540**	**322,671**	**1,434,311**	**(108,288)**	**1,651,234**
Segments results	**–**	**861**	**97,849**	**–**	**98,710**
Interest income and sundry income					**8,809**
Compensation income from contract with customer					**10,126**
Interest income from bills receivable and other receivables					**3,639**
Gain on exercise the put option for the disposal of interest in an associate, net					**1,054**
Unallocated other operating income					**12,321**
Share of results from an associate					**(8,982)**
Corporate administrative expenses *(Note)*					**(88,018)**
Unallocated finance costs					**(11,409)**
Profit before tax					**26,250**
Income tax expense					**(11,547)**
Profit for the year					**14,703**

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

For the year ended 31 December 2018 (restated, note 16)

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Eliminations *HK$'000*	Total *HK$'000* (Restated) *(Note 16)*
Segment revenue					
– external sale	35,884	91,119	1,351,046	–	1,478,049
– intersegment sale	–	189,753	–	(189,753)	–
Other income	–	41,316	–	–	41,316
Total	35,884	322,188	1,351,046	(189,753)	1,519,365
Segment results	315	(232,904)	504,755	(854)	271,312
Interest income and sundry income					3,637
Share of results from an associate					(286)
Corporate administrative expenses *(Note)*					(103,301)
Unallocated other operating income					7,497
Unallocated finance costs					(2,200)
Profit before tax					176,659
Income tax expense					(29,951)
Profit for the year					146,708

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

The revenue of coal-ancillary segment includes revenue from transportation service of HK$986,000 (2018: HK$9,042,000), sales of electricity and heat of HK$75,119,000 (2018: HK$71,508,000) and sales of by-products of HK$92,400,000 (2018: HK$10,569,000).

Segment assets and liabilities

At 31 December 2019

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Corporate and unallocated *HK$'000*	Total *HK$'000*
Assets	**2,851**	**358,889**	**1,038,714**	**660,634**	**2,061,088**
Liabilities	**1,135**	**493,775**	**572,425**	**399,124**	**1,466,459**

At 31 December 2018 (restated, note 16)

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Corporate and unallocated *HK$'000* (Restated) *(Note 16)*	Total *HK$'000* (Restated) *(Note 16)*
Assets	755	260,471	793,263	457,356	1,511,845
Liabilities	4,302	402,208	352,505	190,615	949,630

For the purposes of monitoring segment performances and allocating resources between segments:

* *all assets are allocated to operating segments other than certain plant and equipment, financial assets at fair value through profit or loss, certain prepayments, deposits and other receivables, restricted bank deposits and cash and bank balances; and*

* *all liabilities are allocated to operating segments other than certain other payables and accruals, lease liabilities, other borrowings, tax payable, deferred tax liability.*

Other segment information

For the year ended 31 December 2019

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Corporate and unallocated *HK$'000*	Total *HK$'000*
Additions of property, plant and equipment	–	**999**	**2,791**	**14,046**	**17,836**
Depreciation	–	**2,777**	**12,148**	**2,429**	**17,354**
Compensation income from contract with customer	–	–	–	**(10,126)**	**(10,126)**
Interest income from bills receivable and other receivables	–	–	–	**(3,639)**	**(3,639)**
Gain on exercise the put option for the disposal of interest in an associate, net	–	–	–	**(1,054)**	**(1,054)**
Share of results from an associate	–	–	–	**8,982**	**8,982**
Unallocated interest expenses on discount bills, other borrowings and convertible bonds	–	–	–	**11,409**	**11,409**
(Reversal)/provision of loss allowance of trade receivables, net	–	**(6,305)**	**5,924**	–	**(381)**
Provision of loss allowance of other receivables, net	–	–	–	**1,235**	**1,235**

Other segment information

For the year ended 31 December 2018 (restated, note 16)

	Coke trading *HK$'000*	Coal-related ancillary *HK$'000*	Coke Production *HK$'000*	Corporate and unallocated *HK$'000* (Restated) *(Note 16)*	Total *HK$'000* (Restated) *(Note 16)*
Additions of property, plant and equipment	–	10,612	29,644	7,111	47,367
Depreciation	–	6,605	29,765	5,916	42,286
Share of results from an associate	–	–	–	286	286
Fair value changes on financial assets at fair value through profit or loss	–	–	–	(1,406)	(1,406)
Interest expenses on discount bills, other borrowings and convertible bonds	–	–	–	2,200	2,200
Provision/(reversal) of loss allowance of trade receivables, net	–	3,799	(3,645)	–	154
Provision/(reversal) of impairment loss on items of property, plant and equipment	–	268,943	(367,996)	–	(99,053)

Geographical Information

(a) Revenue from external customers

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the PRC, which is the Group's principal place of business and operations during the years ended 31 December 2019 and 2018. Therefore, no analysis by geographical region is presented. The revenue information is based on the locations of the customers.

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**2,746**	3,764
The PRC	**573,676**	566,880
	576,422	570,644

The non-current asset information is based on the locations of the assets and excludes interest in an associate and financial instruments.

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**–***	327,365
Customer B	**279,356**	190,857
Customer C	**–***	184,444
Customer D	**455,622**	–*
	734,978	702,666

* *These customers did not individually contribute 10% or more of the total revenue from Group in 2019 or 2018.*

4. REVENUE AND OTHER INCOME AND GAINS

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15		
Transportation service	**986**	9,042
Sales of electricity and heat	**75,119**	71,508
Sales of medium coal, coke and by-products	**1,529,251**	1,397,499
	1,605,356	1,478,049
Other income and gains, net		
Compensation income from contract with customer	**10,126**	–
Interest income from bank deposits, calculated using effective interest method	**160**	22
Interest income from bills receivable and other receivables	**3,639**	–
Governments grant *(Note a)*	**45,878**	41,316
Loss arising from amendments to convertible bonds	**(185)**	–
Sundry income	**8,834**	3,615
	68,452	44,953

Note:

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

The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time. The amount of revenue recognised for the year ended 31 December 2019 that was included in the contract liabilities at the beginning of the year is approximately HK$188,452,000 (2018: HK$170,341,000).

5. FINANCE COSTS

An analysis of finance costs are as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest on discounted bills	**–**	101
Interest expenses on other borrowings	**9,638**	–
Interest expenses on convertible bonds	**1,123**	2,099
Interest expenses on lease liabilities *(Note)*	**648**	–
	11,409	2,200

Note: *The Group has initially applied HKFRS 16 as at 1 January 2019 using the cumulative effect approach. Under this approach, comparative information is not restated.*

6. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
		(Note 16)
Cost of inventories	**1,429,499**	1,232,228
Auditor's remuneration	**1,300**	1,050
Depreciation		
– Owned	**17,354**	42,286
– Right-of-use assets *(Note c)*	**3,413**	–
Operating lease payments in respect leasehold interests in land and rented properties *(Note c)*	**–**	4,484
Employee benefit expense (including Director's remuneration):		
– Wages and salaries	**42,108**	71,957
– Pension scheme contributions *(Note a)*	**12,797**	23,360
	54,905	95,317
(Reversal)/loss allowance of trade receivables, net *(Note b)*	**(381)**	154
Reversal of loss allowance of prepayments, net *(Note b)*	**1,235**	–
Reversal of impairment loss on items of property, plant and equipment	**–**	(99,053)
Gain on exercise the put option for the disposal of interest in an associate, net *(Note b)*	**(1,054)**	–
Gain on disposal of property, plant and equipment	**(2,023)**	–
Fair value changes on financial assets at fair value through profit or loss *(Note b)*	**–**	(1,406)
Share of result from interest in an associate	**8,982**	286

Notes:

(a) *As at 31 December 2019 and 2018, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.*

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

(c) *The Group has initially applied HKFRS 16 using the cumulative effect approach. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising operating lease payments in respect leasehold interests in land and rented properties incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.*

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made as there were no assessable profits arising in Hong Kong during the years ended 31 December 2019 and 2018.

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

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – The PRC		
Charge for the year	**17,564**	5,440
Over provision in prior years	**(385)**	–
	17,179	5,440
Deferred tax (credit)/charge for the year	**(5,632)**	24,511
Total tax expenses for the year	**11,547**	29,951

For the year ended 31 December 2018, included in deferred tax charge was approximately HK$11,886,000 (equivalent to RMB10,000,000) in relation to provision for 10% withholding tax of approximately HK$5,063,000 (equivalent to RMB4,500,000) on dividend attributable to the Group of approximately HK$50,634,000 (equivalent to RMB45,000,000) out of dividend declared by GRG Huscoke (Shanxi) LTD of approximately HK$56,260,000 (equivalent to RMB50,000,000).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company of HK$9,761,000, and the weighted average number of ordinary shares of 2,778,693,956 in issue during the year ended 31 December 2019.

For the year ended 31 December 2018, the calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company of HK$129,118,000 (Restated), and the weighted average number of ordinary shares of 2,608,007,725.

The calculation of diluted earnings per share amount for the years ended 31 December 2019 and 2018 is based on the profit for the year attributable to owners of the Company, adjusted to reflect the interest and profit arising from amendment to the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
		(Note 16)
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**9,761**	129,118
Add: Interest expense on convertible bonds	**1,123**	2,099
Profit attributable to owners of the Company used in the diluted earnings per share calculation	**10,884**	131,217

	Number of shares	
	2019	2018
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,778,693,956**	2,608,007,725
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds *(Note)*	**108,026,135**	144,256,976
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**2,886,720,091**	2,752,264,701

Note: *Share options were not considered in the effect of dilution as it had no diluting effect on the basic earnings per share for the years ended 31 December 2019 and 31 December 2018 and were ignored in the calculation of diluted earnings per share.*

9. INTEREST IN AN ASSOCIATE

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
		(Note 16)
Share of net assets of an associate	–	67,018
Goodwill	–	12,772
	–	79,790

Details of the associate at the end of the report period are as follows:

Name of associate	Place of incorporation	Principal place of business	Proportion of value of registered capital indirectly held by the Company		Principal activities
			2019	2018	
EDB Holding Limited ("**EDB**")	Cayman Islands	The PRC	–	20.5%	Software service provider

During the year ended 31 December 2019, the Group exercised the EDB Put Option, derecognised the EDB Contingent Consideration and a gain on disposal of an associate of HK$1,054,000 was computed as follows:

	HK$'000
Interest in an associate as at 1 January 2019	**79,790**
Share of results from an associate for the year ended 31 December 2019	**(8,982)**
Interest in an associate as at 27 June 2019	**70,808**
Less: return of Subscription	**67,338**
Less: return of Consideration Shares	**27,265**
Gain on disposal of an associate	**23,795**
Exercise the EDB Put option	**(10,532)**
Derecognise the EDB contingent consideration	**(12,209)**
Gain on exercise the put option for the disposal of interest in an associate, net *(Note 6)*	**1,054**

10. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables:		
– third parties	**320,159**	159,262
– related companies	**142,660**	86,683
– non-controlling shareholder of a subsidiary	**233,149**	170,076
	695,968	416,021
Bills receivable	**–**	3,938
Less: loss allowance	**(52,187)**	(52,876)
	643,781	367,083

The carrying amounts of trade receivables approximate their fair values.

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

	2019	2018
	HK$'000	*HK$'000*
Within 3 months	**251,163**	171,992
3 to 4 months	**55,158**	–
Over 4 months	**337,460**	195,091
	643,781	367,083

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Other receivables due from the non-controlling shareholder of a subsidiary	**248,377**	273,368
Prepayments and other receivables due from related companies	**100,533**	11,464
Prepayments, deposits and other receivables due from other parties *(Note)*	**434,819**	93,502
Less: loss allowance	**(13,688)**	(12,526)
	770,041	365,808

Note: The 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.

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

12. AMOUNT DUE FROM THE NON-CONTROLLING SHAREHOLDER

	2019	2018
	HK$'000	*HK$'000*
Current		
Trade receivables *(note 10) (Notes a and c)*	**233,149**	170,076
Other receivables *(note 11) (Notes b and c)*	**248,377**	273,368
	481,526	443,444

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

Note:

(a) *The balances are trade in nature, non-interest-bearing and have a credit term of 120 days (2018: 120 days), which are similar to those granted to major trading customers of the Group.*

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

(c) *On 31 December 2018, the GRG Huscoke (Shanxi) LTD 山西金岩和嘉能源有限公司, an indirect 90%-owned subsidiary of the Company ("**JV Subsidiary**") entered into a debt transfer agreement with Xiaoyi Jinyan Electricity Coke Chemical Company Limited* 孝義市金岩電力煤化工有限公司 ("**Jinyan Electricity**"), Xiaoyi ILNG Natural Gas Production Company Limited* 孝義市愛路恩濟天然氣製造有限公司 ("**Xiaoyi ILNG**") and Shanxi Jinyan Energy Technology Company Limited* 山西金岩能源科技有限公司 ("**Energy Technology**") (the "**Debt Assignee**"), and Mr. Wen Kezhong* 溫克忠先生, pursuant to which the JV Subsidiary, the Jinyan Electricity and Debt Assignee agreed to assign the trade and other receivables from the Jinyan Electricity of approximately RMB365,826,000 (equivalent to approximately HK$411,627,000) together with aggregate amounts due from its affiliates of approximately RMB36,477,000 (equivalent to approximately HK$41,044,000) to the Debt Assignee (together the "**Assigned Debt**") (the "**Debt Assignment**").*

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

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

Pursuant to the New Framework Agreement, the parties shall negotiate and enter into formal agreement(s) pursuant to the major business terms, as set out under the New Framework Agreement. Subject to the entering into of the relevant formal agreement(s), one of the major business term is Jinyan Electricity, Energy Technology and JV Subsidiary intend to update the amount of the Assigned Debt from RMB402,303,023 as at 30 June 2018 to RMB448,087,108 as at 30 June 2019 and the JV Subsidiary shall be entitled with a conversion right to convert the indebtedness into not less 12% of the enlarged issued share capital of Energy Technology. The final conversion percentage will be subject to the valuation of Energy Technology.

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

13. RESTRICTED BANK DEPOSITS AND CASH AND BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Restricted bank deposits	**5,038**	–
Cash and bank balances	**20,839**	18,894

At 31 December 2019, the Group's bank balances of RMB4,504,000 (equivalent to HK$5,038,000) (2018: Nil) have been frozen according to the civil ruling issued by a court in the PRC in relation to dispute in respect of purchases agreements between a subsidiary of the Group and it's supplier. The restricted bank balances were denominated in RMB.

At 31 December 2018, the cash and bank balances and time deposits of the Group denominated in RMB amounted to HK$718,000. RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amounts of cash and bank balances approximate their fair values.

* *For identification purpose only*

14. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables due to other parties	**366,162**	231,893
Trade payables due to related companies	**110,496**	5,433
	476,658	237,326

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

	2019	2018
	HK$'000	*HK$'000*
Within 3 months	**266,073**	152,193
3 to 4 months	**18,440**	1,582
Over 4 months	**192,145**	83,551
	476,658	237,326

The trade payables are non-interest-bearing and are normally settled on 120-day terms (2018: 120-day).

The carrying amounts of trade payables approximate their fair values.

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

	2019	2018
	HK$'000	*HK$'000*
Other payables and accrued charges	**422,073**	369,416
Amount due to an associate *(Note a)*	**–**	45,008
Contract liabilities *(Note b)*	**313,239**	214,700
Deferred income *(Note c)*	**5,034**	5,063
	740,346	634,187
Less: Current portion	**(735,312)**	(625,982)
Non-current portion	**5,034**	8,205

The carrying amounts of the other payables and accrued charges approximate their fair values.

Note:

(a) The amount due is unsecured, interest-free and repayable 30 working days after the completion of the subscription agreement.

(b) *The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:*

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**214,700**	199,108
Recognised as revenue	**(188,452)**	(170,341)
Receipt of advances	**288,948**	196,698
Exchange realignment	**(1,957)**	(10,765)
At 31 December	**313,239**	214,700

As at 31 December 2019 and 2018, none of the contract liabilities that are expected to be settled after more than 12 months.

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

16. PRIOR YEAR ADJUSTMENTS

In prior year ended 31 December 2018, the Group had not accounted for its interest in an associate in accordance with the equity method as set out in the Group's financial statements for prior year.

During the course of preparation of the consolidated financial statements of the Group for the financial year ended 31 December 2019, the Group's management had obtained EDB's consolidated financial statements for the year ended 31 December 2018 which were prepared under HKFRSs and other financial information for the purpose of equity accounting of the Group. The management has engaged Hong Kong Appraisal Advisory Limited, an independent qualified professional valuer to perform a valuation on the purchase price allocation of the Group's investment in EDB at acquisition date. The financial assets, EDB Contingent Consideration and EDB Put Option are identified and are measured at fair value at acquisition date and year end 31 December 2018.

Accordingly, prior year adjustments have been made. Details of the restatements made to the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of comprehensive income for the year ended 31 December 2018 are set out below:

(a) Recognition of financial assets (EDB Contingent Consideration and EDB Put Option) at fair value through profit or loss at acquisition date

The effect of the above change on the consolidated financial position as at 31 December 2018 is to decrease the interest in an associate and increase the financial assets at fair value through profit or loss by approximately HK$21,728,000.

(b) Recognition of fair value changes of financial assets (EDB Contingent Consideration and EDB Put Option) at fair value through profit or loss for the period ended 31 December 2018

The effect of the above change on the consolidated financial position as at 31 December 2018 is to increase the financial assets at fair value through profit or loss by approximately HK$1,013,000. The effect on the consolidated statement of comprehensive income for the year ended 31 December 2018 is to recognise the fair value gain of the financial assets at fair value through profit or loss which is presented in "other operating income, net" by approximately HK$1,013,000.

(c) Recognition of share of loss of an associate for the period ended 31 December 2018

The effect of the above change on the consolidated financial position as at 31 December 2018 is to decrease the interest in an associate and the closing balance of equity by approximately HK$286,000. The effect on the consolidated statement of comprehensive income for the year ended 31 December 2018 is to recognise the share of results of an associate which is presented in "other income and gains, net" by HK$286,000.

Impact on the consolidated statement of comprehensive income for the year ended 31 December 2018:

	As previously reported *HK$'000*	Prior year adjustments *HK$'000*	As restated *HK$'000*
Other operating income, net	29,243	727	29,970
PROFIT BEFORE TAX	175,932	727	176,659
PROFIT FOR THE YEAR	145,981	727	146,708
Total comprehensive income for the year	117,389	727	118,116
Profit for the year attributable to:			
Owners of the Company	128,391	727	129,118
Non-controlling interests	17,590	—	17,590
	145,981	727	146,708
Total comprehensive income attributable to:			
Owners of the Company	102,377	727	103,104
Non-controlling interests	15,012	—	15,012
	117,389	727	118,116
Earnings per share			
Basic	HK4.92 cents		HK4.95 cents
Diluted	HK4.74 cents		HK4.77 cents

Impact on the consolidated statement of financial position as at 31 December 2018:

	As previously reported *HK$'000*	Prior year adjustments *HK$'000*	As restated *HK$'000*
Non-current assets			
Interest in an associate	101,804	(22,014)	79,790
Financial assets at fair value through profit or loss	1,508	22,741	24,249
Total non-current assets	673,956	727	674,683
Total assets less current liabilities	599,134	727	599,861
NET ASSETS	561,488	727	562,215
TOTAL EQUITY	561,488	727	562,215

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

Subject to sustained impacts from international trade disputes, the PRC's overall economic growth in 2019 slowed with the gross domestic product increasing by 6.1% of which gross industrial production increased by 5.7%. Coke output throughout the country for the year amounted to 471.26 million tons, which was an increase of approximately 7.5% over 438.20 million tons in 2018, while nationwide crude steel output in the same period amounted to 996.34 million tons, which had increased by approximately 7.3% over 2018's 928.26 million tons. Due to slackening environmental restrictions, coke supply and demand was balanced and relaxed. Impacted by coke supply and demand and changing demand in the downstream steel market, the domestic coke price for the year trended upward first and then slided downward.

In 2019, domestic coking coal supply and demand was basically balanced but slightly supply-tightening, and coal prices followed a steady and upside trend. Compared with upstream coal enterprises and downstream steel enterprises, the concentration of the coke industry was on the lower side, which in turn weakened coke enterprises' bargaining power. With the reduction in the coke selling price and rising coal cost, profits margins for coke enterprises were generally trimmed off. Despite the challenging environment for the domestic coke market in this year compared with that of previous year, management has taken a series of measures in response to domestic market challenges to improve the Group's operational performance, implementing stringent cost control and reducing overall expenses in order to remain profitable.

FINANCIAL REVIEW

Consolidated operating performance

Total revenue of the Group for the year was approximately HK$1,605,356,000 (2018: HK$1,478,049,000). The gross profit for this year amounted to HK$175,857,000 (2018: HK$245,821,000), and the Group recorded a gross profit margin of approximately 11.0% for the year as compared to approximately 16.6% in 2018. Profit after tax for the year was approximately HK$14,703,000 (2018: HK$146,708,000), and profit attributable to owners of the Company amounted to HK$9,761,000 (2018: HK$129,118,000). Basic earnings per share for the year was 0.35 Hong Kong cents, as compared to the basic earnings (restated) per share of 4.95 Hong Kong cents in 2018.

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

Coke Trading Segment

The Group's revenue from the Coke Trading Segment for the year amounted to approximately HK$2,540,000, as compared to that of approximately HK$35,884,000 in the corresponding period last year, the decrease was mainly attributable to the reduction in trading volume. The Group has no segment results of Coke Trading for the year, representing a decrease compared to that of HK$315,000 in the corresponding period last year, which mainly resulted from the narrowing of spread between purchase and sale price of coke.

Coal-related Ancillary Segment

The Group's external revenue from the Coal-related Ancillary Segment for the year amounted to approximately HK$168,505,000, as compared to that of approximately HK$91,119,000 in the corresponding period last year. The Group's segment results of coke trading for the year was approximately HK$861,000, representing an improvement as compared to that in the corresponding period last year. The increase was mainly due to the non-revolving of the huge impairment of coal washing equipment last year, and no such provision for the current year.

Coke Production Segment

The Group's revenue from the coke production for the year amounted to approximately HK$1,434,311,000, as compared to that of approximately HK$1,351,046,000 in the corresponding period last year, the increase was mainly attributable to the increase in sales volume of coke. The Group's segment results for the year from the coke production was approximately HK$97,849,000, as compared to that of approximately HK$504,755,000 in the corresponding period last year. The difference was due to the reduction in the coke price plus the rising coal price this year that had resulted in spread narrowing, and the non-revolving of impairment reversal in property, plant and equipment items happened last year.

Selling and Distribution Costs

The Group's selling and distribution costs amounted to approximately HK$123,024,000, as compared to that of approximately HK$137,637,000 in the corresponding period last year. The decrease was mainly due to a reduction of transportation costs and the implementation of other effective cost control measures.

Administrative Expenses

The Group's administrative expenses for the year amounted to approximately HK$88,018,000, as compared to that of corresponding period last year of approximately HK$103,301,000. The decrease was mainly due to the control over staff salaries and the decrease in maintenance costs for production equipment.

Finance Costs

The Group's finance costs for the year amounted to approximately HK$11,409,000, as compared to that of corresponding period last year of approximately HK$2,200,000. The increase was mainly due to the rise in interest expenses arising from the Group's new borrowing for the year.

Profit Before Tax

The Group's profit before tax for the year amounted to approximately HK$26,250,000, as compared to that of approximately HK$176,659,000 in the corresponding period last year (restated). The difference was mainly due to impairment reversal of approximately HK$99,053,000 incurred from items of property, plant and equipment last year, while no such impairment reversal was observed this year.

Profit for the Year

The Group's profit for the year was approximately HK$14,703,000, as compared to that of corresponding period of approximately HK$146,708,000 last year. Apart from the foregoing factors, the difference was also mainly because PRC tax losses were available to fully offset taxable profits last year, while all tax losses had been fully utilized and therefore PRC corporate income tax was due in this year.

CHARGES OVER ASSETS

The Group had neither pledged assets nor pledged deposit during the year (including charges over deposits) (2018: Nil).

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

As disclosed by the Company in the announcements dated 12 September 2019 and 20 November 2019, the Bloom Wealth Investment Limited, a wholly owned subsidiary of the Company and Shanxi Baimaoyuan Trading Co., Ltd.* entered into a shareholder agreement for the establishment of the Shanxi joint venture. Relevant matters were approved by the shareholders of the Company at the SGM held on 11 February 2020. Apart from this, the Group had no material investment, acquisition and disposal as at 31 December 2019.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

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

* *For identification purpose only*

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain the most optimum capital structure, the Group may adjust dividend policy, capital distribution to shareholders or issuance of new shares. No changes were made in the objectives, policies or procedures for capital management during the year ended 31 December 2019.

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

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

The Group regularly adopts gearing ratios as a tool of monitoring capital structure. The gearing ratio as of 31 December 2019 was 71.1% (31 December 2018: 62.8%).

As of 31 December 2019, the equity attributable to owners of the Company amounted to HK$541,520,000 (31 December 2018 (restated): HK$513,728,000).

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets and current ratio were approximately HK$235,750,000 (31 December 2018: net current liabilities of HK$74,822,000) and 1.19 (31 December 2018: 0.92) respectively as at 31 December 2019.

As at 31 December 2019, the Group's cash and bank balances amounted to approximately HK$20,839,000 (31 December 2018: HK$18,894,000), other borrowings were approximately HK$218,188,000 (31 December 2018: HK$18,188,000) and there were no convertible bonds (31 December 2018: HK$43,526,000).

As of 31 December 2019 and 2018, the Group had no bills payable.

OPERATING LEASE AND CAPITAL COMMITMENTS

As at 31 December 2019, according to the disclosure requirements under Hong Kong Accounting Standards, the Group had no operating lease commitments (2018: HK$34,123,000).

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

INTEREST RATE RISK

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

FOREIGN CURRENCY RISK

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

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities that have not been provided for in the financial statements (as at 31 December 2018: Nil).

TREASURY POLICIES

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

EMPLOYEES AND REMUNERATION

As at 31 December 2019, the Group had approximately 530 employees (31 December 2018: approximately 1,400 employees), with 18 employees stationed in Hong Kong and the rest, including senior management and workers, in Mainland China. For the year ended 31 December 2019, the Group's staff costs amounted to approximately HK$54,905,000, as compared to approximately HK$95,317,000 in the previous year.

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

OUTLOOK

Looking into 2020, the China's economy has slowed significantly in the first quarter due to the impacts of the Novel Coronavirus ("**COVID-19**"). Nevertheless, the PRC government has taken decisive measures to effectively control the epidemic situation and resumed production within a short period of time. It is expected that the epidemic situation should have caused limited impact on the overall production and operation of the Group. It is anticipated that the PRC government will launch further economic incentive measures to increase infrastructure investment in order to stimulate production demand for the steel industry, and that would facilitate the production and operation in the coke industry. According to the requirements under Thirteenth Five-Year Plan, 2020 is the final year to eliminate inefficient production capacity, with an aim to eradicate production capacity up to 50 million tons. It is expected that execution of environmental output-limitation and capacity elimination will be intensified, thus coke supply will restore to a equilibrium, and coke prices will rebounce to a reasonable level. Meanwhile, coal market supply and prices will return to normal level by next year to follow the pace of coke prices, as a result the spread will return to normal level. In foreseeable future, it will improve the profitability of coke enterprises, which will be favorable to the Group's operation and development in coke production business next year. The Group will continue to implement stringent cost controls and reduce expenses, and to monitor risks to enhance the Group's profitability.

The PRC government has intensified to eliminate capacity in the coke industry and tightened environmental standards that will raise overall pressure for the coke production industry which is challenging environment. The Group will strictly comply with national environmental standards and promptly upgrade production equipment so as to reduce emissions and resource consumption, and to meet the updated national emission standards. Meanwhile, the Group has always committed to exploring appropriate opportunities and intends to move forward the updating and upgrading of coke production business through merger and acquisition as well as replacement of production capacity. In the future, it will further expand production scale and upgrade production technology in a bid to enhance operational efficiency. In 5 November 2019, the Group entered into a New Framework Agreement with the Group's subsidiary, Energy Technology, pursuant to which the Company intends to acquire and to subscribe for the equity share of Energy Technology such that the Company will vest in a controlling shareholding stake of more than 50% of the enlarged share capital of Energy Technology. Energy Technology is committed to pursing a coke production project with capacity of over 5 million tons of coke per year. The Project will be constructed by two phases: phase one includes coking furnaces with a coke production capacity of 2.54 million tons per year; and phase two includes coking furnaces with a coke production capacity of 2.53 million tons per year.

At the same time, the Group intends to expand and launch its international trading business for coke products and increase cash flow through new trade channels, so as to improve the profitability of the Group. Additionally, the Group has always been proactive in seeking appropriate investment opportunities so as to enable the Group to explore new business segments, and integrate the business of its existing coal industry chains to further enlarge the Group's revenue sources and drive new profitable growth with a view to maximizing the Shareholder's value. On 12 September 2019 and 20 November 2019 in 2019, Shareholders Agreements were entered into between the Group and the JV Partner, pursuant to which a subsidiary, Shanxi Golden Rock Rich Hydrogen Energy Co., Ltd. (the "**Shanxi JV**"), will be established in Shanxi Province, PRC. The Shanxi JV plans to develop liquefied natural gas, synthetic ammonia, and urea projects as well as clean energy business including hydrogen. Management considers that the formation of a joint venture company will enhance the Group's profitability in the future.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save and except as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31 December 2019.

Code Provision A.2.1

Code provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhao Xu Guang is the Chairman of the Board and also serves as Chief Executive Officer. The deviation is noted by the Board and the Directors consider the dual role is essential as Mr. Zhao provides the Company with strong and consistent leadership and facilitates the implementation and execution of the business strategies while the Group re-build and develop its business with his leadership in Board, and thus achieves the Company's objectives efficiently and effectively in response to the changing environment. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

Code Provision A.6.7

Code provision A.6.7 of CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. Some individuals Directors were unable to attend the special general meeting of the Company held on 9 April 2019 due to other business engagements.

Code Provision D.1.4

Code provision D.1.4 of the CG Code requires that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for most of the Directors. However, the Directors shall be subject to retirement by rotation in accordance with the Bye-Laws. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of the Directors of the Company, all Directors of the Company confirmed that they had complied with the required standard as set out in the Model Code during the year ended 31 December 2019.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2019.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's results for the year ended 31 December 2019 as set out in the preliminary results announcement have been agreed by the Company's independent auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this preliminary results announcement.

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

For the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 5 June 2020 and a notice of annual general meeting will be published and despatched in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 June 2020 (Tuesday) to 5 June 2020 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 5 June 2020 (Friday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 1 June 2020 (Monday).

EVENTS AFTER REPORTING PERIOD

Since January 2020, the PRC has reported certain confirmed cases of COVID-19 which may affect the global business environment. It may foresee that certain impact of the group's business and financial results may occur if the COVID-19 crisis prolongs, but the extent could not be estimated at the date of result announcement.

The group was not aware of any material effect on the consequential financial results of the Group due to the COVID-19 outbreak up to the date of this result announcement. The Board will minimize the impact of COVID-19 to protect the interests of the Group.

PUBLICATION OF FINAL RESULTS AND 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

The annual report for the financial year 2019 will be made available on the websites of the Stock Exchange and the Company, and will be dispatched to the Shareholders selected printed copies as corporate communication.

For environmental and cost reasons, Shareholders are encouraged to elect to receive Shareholders documents electronically. You may at any time send written notice to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong specifying your name, address and request to change your choice of language or means of receipt of all Shareholders documents from now on.

APPRECIATION

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

By Order of the Board
Huscoke Holdings Limited
Wong Siu Hung, Patrick
Non-executive Director

Hong Kong, 30 March 2020

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