HUSCOKE HOLDINGS LIMITED
和嘉控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the "**Board**") of Huscoke Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2023 (the "**Reporting Period**") together with the comparative figures for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	**For the six months ended 30 September 2023 (Unaudited) *HK$'000***	For the six months ended 30 June 2022 (Unaudited) *HK$'000*
Revenue	3	**–**	15,662
Cost of sales		**–**	(131,530)
Gross loss		**–**	(115,868)
Other income and gains, net	4	**11,543**	187,185
Selling and distribution costs		**–**	(655)
Administrative expenses		**(17,751)**	(53,231)
Finance costs	5	**(15,560)**	(52,534)
Loss before tax	6	**(21,768)**	(35,103)
Income tax expense	7	**–**	–
Loss for the period		**(21,768)**	(35,103)

	Notes	**For the six months ended 30 September 2023 (Unaudited)** *HK$'000*	For the six months ended 30 June 2022 (Unaudited) *HK$'000*
Other comprehensive (expenses)/income			
Other comprehensive (expenses)/income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(77,610)**	4,047
Other comprehensive (expenses)/income for the period, net of tax		**(77,610)**	4,047
Total comprehensive income/ (expenses) for the period		**(99,378)**	(31,056)
Loss for the period attributable to:			
Owners of the Company		**(21,763)**	(31,370)
Non-controlling interests		**(5)**	(3,733)
		(21,768)	(35,103)
Total comprehensive loss attributable to:			
Owners of the Company		**(89,053)**	(28,056)
Non-controlling interests		**(10,325)**	(3,000)
		(99,378)	(31,056)
Losses per share attributable to ordinary equity holders of the Company	*9*		
Basic			
— For loss for the period		**(HK7.49 cents)**	(HK10.93 cents)
Diluted			
— For loss for the period		**(HK7.49 cents)**	(HK10.93 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	**As at 30 September 2023 (Unaudited)** ***HK$'000***	As at 31 March 2023 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**1,674,220**	1,778,913
Financial assets at fair value through profit or loss		**1,508**	1,508
Total non-current assets		**1,675,728**	1,780,421
CURRENT ASSETS			
Prepayments, deposits and other receivables		**129,102**	129,064
Cash and bank balances		**487**	601
Total current assets		**129,589**	129,665
CURRENT LIABILITIES			
Other payables, accruals and deposits received	*12*	**78,890**	59,199
Other borrowings		**218,188**	218,188
Lease liabilities		**1,250**	2,717
Tax payable		**72,054**	76,500
Total current liabilities		**370,382**	356,604
NET CURRENT LIABILITIES		**(240,793)**	(226,939)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,434,935**	1,553,482

	Notes	**As at 30 September 2023 (Unaudited)** ***HK$'000***	As at 31 March 2023 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Other payables, accruals and deposit received	*12*	**56,414**	58,504
Tax payable		**288,217**	305,996
Total non-current liabilities		**344,631**	364,500
NET ASSETS		**1,090,304**	1,188,982
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**29,037**	28,707
Reserves		**893,977**	982,660
		923,014	1,011,367
Non-controlling interests		**167,290**	177,615
TOTAL EQUITY		**1,090,304**	1,188,982

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

As disclosed in the Company's announcement dated 19 December 2022, the board of directors of the Company (the "**Directors**" and the "**Board**", respectively) resolved to change the financial year end date of the Company from 31 December to 31 March commencing from the financial period from 1 January 2022 to 31 March 2023. Accordingly, the condensed consolidated financial statements for the current period cover a six-months period from 1 April 2023 to 30 September 2023. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a six months period from 1 January 2022 to 30 June 2022 and therefore may not be comparable with amounts shown for the current period.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 (the "**Interim Financial Statements**") have been prepared in accordance with the Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Interim Financial Statements do not include all of the information required for annual financial statements and thereby should be read in conjunction with the Group's consolidated financial statements for the fifteen months ended 31 March 2023 (the "**2022/23 Annual Report**").

The Group incurred loss attributable to owners of the Company of HK$21,763,000 for the six months ended 30 September 2023 and as at 30 September 2023 the Group had net current liabilities of HK$240,793,000. Further, no revenue was generated from the new operating assets up to date, which bring significant impact on the Group's operations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis on the same premise and basis as disclosed in the Group's 2022/23 Annual Report.

The Directors have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will do its best to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company and were approved for issue on 30 November 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the Interim Financial Statements are consistent with those used in the Group's 2022/23 Annual Report, except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively "**new and revised HKFRSs**") issued by HKICPA which have become effective in this Reporting Period as detailed in note 3 of the 2022/23 Annual Report.

Application of new and revised HKFRSs

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior years.

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

3. REVENUE AND SEGMENT INFORMATION

The revenue represents the net amounts received and receivables for goods sold by the Group to outside customers, less returns and allowance for the Reporting 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 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/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and sundry income, corporate administrative expenses, unallocated other operating income, unallocated finance costs and income tax expense are excluded from such measurement.

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

Geographical information

All of the Group's customers are located in the PRC.

The revenue information above is based on the locations of the customers. The principal assets and capital expenditure of the Group were located and incurred in PRC. Accordingly, no further geographical information is presented.

Segment revenue and results

For the six months ended 30 September 2023

	Coke Trading (Unaudited) *HK$'000*	Coal-related Ancillary (Unaudited) *HK$'000*	Coke Production (Unaudited) *HK$'000*	Eliminations (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue					
— external sales	–	–	–	–	–
— intersegment sales	–	–	–	–	–
Other income	–	–	–	–	–
Total	–	–	–	–	–
Segment results	–	–	–	–	–
Unallocated other income					273
Compensation income					11,270
Corporate administrative expenses					(17,751)
Unallocated finance costs					(15,560)
Loss before tax					(21,768)
Income tax expense					–
Loss for the period					(21,768)

As at 30 September 2023

	Coke Trading (Unaudited) *HK$'000*	Coal-related Ancillary (Unaudited) *HK$'000*	Coke Production (Unaudited) *HK$'000*	Corporate and unallocated (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment assets	–	–	1,672,967	132,350	1,805,317
Segment liabilities	–	–	–	715,013	715,013

For the six months ended 30 June 2022

	Coke Trading (Unaudited) *HK$'000*	Coal-related Ancillary (Unaudited) *HK$'000*	Coke Production (Unaudited) *HK$'000*	Eliminations (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue					
— external sales	–	15,662	–	–	15,662
— intersegment sales	–	–	–	–	–
Other income	–	46,884	–	–	46,884
Total	–	62,546	–	–	62,546
Segment results	–	(69,640)	–	–	(69,640)
Unallocated other income					122
Compensation income					21,850
Amortization of financial guarantee contracts					51,875
Interest charged back to Jinyan Electricity related borrowing					40,647
Accrued interest income					19,084
Write back of provision					6,724
Corporate administrative expenses					(53,231)
Unallocated finance costs					(52,534)
Loss before tax					(35,103)
Income tax expense					–
Loss for the period					(35,103)

As at 31 March 2023

	Coke Trading (Audited) *HK$'000*	Coal-related Ancillary (Audited) *HK$'000*	Coke Production (Audited) *HK$'000*	Corporate and unallocated (Audited) *HK$'000*	Total (Audited) *HK$'000*
Segment assets	–	–	1,776,167	133,919	1,910,086
Segment liabilities	–	–	–	721,104	721,104

4. OTHER INCOME AND GAINS, NET

	For the six months ended 30 September 2023 (Unaudited) ***HK$'000***	For the six months ended 30 June 2022 (Unaudited) *HK$'000*
Bank interest income	**1**	1
Interest charged back to Jinyan Electricity related borrowing *(Note c)*	**–**	40,647
Accrued interest income	**–**	19,084
Government grant *(Note b)*	**–**	47,004
Compensation income from contract with customer *(Note a)*	**11,270**	21,850
Write back of provision	**–**	6,724
Gain on disposal of property, plant and equipment	**270**	–
Amortization of financial guarantee contracts	**–**	51,875
Sundry income	**2**	–
	11,543	187,185

Notes:

(a) In 2019, the Group paid a trade deposit of US$22,000,000 to Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司) ("**Energy Technology**") for the coke trading business. However, due to the downtrend of international coke price, both parties agreed to terminate the plan and Energy Technology agreed to refund such trade deposit by instalment with compensation to the Group.

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

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

* *For identification purpose only*

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 September 2023 (Unaudited) ***HK$'000***	For the six months ended 30 June 2022 (Unaudited) *HK$'000*
Interest expenses on other borrowings	**14,176**	9,917
Interest expenses on Jinyan Electricity related borrowing	**–**	40,647
Interest expenses on lease liabilities	**53**	294
Interest expenses on other payable	**–**	1,676
Imputed interest expenses on amount due to a former subsidiary	**1,331**	–
	15,560	52,534

6. LOSS BEFORE TAX

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

	For the six months ended 30 September 2023 (Unaudited) ***HK$'000***	For the six months ended 30 June 2022 (Unaudited) *HK$'000*
Cost of inventories sold	**–**	131,530
Depreciation		
— Owned	**50**	263
— Right-of-use assets	**1,443**	1,519
Employee benefit expense (including directors' remuneration):		
— Wages and salaries	**4,538**	12,294
— Pension scheme contributions	**111**	113
Total employee benefit expenses	**4,649**	12,407

7. INCOME TAX EXPENSE

	For the six months ended 30 September 2023 (Unaudited) *HK$'000*	For the six months ended 30 June 2022 (Unaudited) *HK$'000*
Current — Hong Kong	**–**	–
Current — PRC	**–**	–
	–	–
Deferred tax expenses for the period	**–**	–
	–	–

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2023 and six months ended 30 June 2022 as there is no assessable profit for the Reporting Period.

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.

8. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2023 (six months ended 30 June 2022: Nil).

9. LOSSES PER SHARE

(a) Basic

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Reporting Period.

	For the six months ended 30 September 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Loss attributable to equity holders of the Company *(HK$'000)*	**(21,763)**	(31,370)
Weighted average number of ordinary shares in issue	**290,373,235**	287,071,349
Basic Loss per share	**(HK7.49 cents)**	(HK10.93 cents)

(b) Diluted

No diluted (losses)/earnings per share has been presented as the Company did not have any dilutive potential ordinary shares for the six months ended 30 September 2023 and six months ended 30 June 2022.

10. PROPERTY, PLANT AND EQUIPMENT

	Other properties leased for own use carried at cost *HK$'000*	Leasehold improvement *HK$'000*	Computer equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
COST							
At 1 April 2023	5,773	1,653	63	410	3,739	1,776,167	1,787,805
Disposal	–	–	–	–	(644)	–	(644)
Exchange alignment	–	–	–	–	–	(103,200)	(103,200)
At 30 September 2023	5,773	1,653	63	410	3,095	1,672,967	1,683,961
ACCUMULATED DEPRECIATION IMPAIRMENT							
At 1 April 2023	3,127	1,653	6	406	3,700	–	8,892
Depreciation charge	1,443	–	10	1	39	–	1,493
Written back on disposal	–	–	–	–	(644)	–	(644)
At 30 September 2023	4,570	1,653	16	407	3,095	–	9,741
NET CARRYING AMOUNTS							
At 30 September 2023 (Unaudited)	1,203	–	47	3	–	1,672,967	1,674,220
At 31 March 2023 (Audited)	2,646	–	57	4	39	1,776,167	1,778,913

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

	At 30 September 2023 (Unaudited) *HK$'000*	At 31 March 2023 (Audited) *HK$'000*
Trade receivables *(Note a and c)*	**–**	–
Other receivables *(Note b and c)*	**–**	–
Borrowing for and related interest charged back to Jinyan Electricity *(Note c)*	**–**	–
Trade deposits and other receivable from Energy Technology	**127,606**	127,363
	127,606	127,363
Less: Current portion	**(127,606)**	(127,363)
Non-Current portion	**–**	–

Notes:

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

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

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

Further details of the Debt Assignment are set out in the Company's announcement dated 3 January 2019. The Debt Assignment is only pursuable subject to the fulfillment of certain conditions including the approval from the Stock Exchange and the approval of shareholders of the Company at a special general meeting ("**SGM**"). According to the Debt Assignment, the Assigned Debt is interest-bearing at 5% p.a. and the Debt Assignee shall repay the Assigned Debt within 1 year from the date of the Debt Assignment together with accrued interest. A conversion right is also granted to GRG Huscoke 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 provided by Mr. Wen Kezhong* 溫克忠先生.

* *For identification purpose only*

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

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

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

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

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

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

* *For identification purpose only*

On 15 March 2022, the Company subsequently entered into an agreement (the "**Agreement**") and a debt transfer agreement (the "**Debt Transfer Agreement**") with GRG Huscoke, Energy Technology, Jinyan Electricity and Xiaoyi ILNG to modify and supplement the terms of the Cooperation Agreement with the inclusion of remedy and compensation actions as a result of the Incident as disclosed in note 4. Pursuant to the Debt Transfer Agreement, Energy Technology agrees to undertake all the receivables and interests receivables due from Jinyan Electricity and its related parties by GRG Huscoke (the "**Receivables**"). Under the circumstances that any contingent liabilities arising in the Incident have subsequently occurred and are to be recognised, Energy Technology and Jinyan Electricity will be obligated to compensate the contingent liabilities to GRG Huscoke by way of increasing GRG Huscoke's receivables due from Energy Technology in the same amount as the contingent liabilities.

Pursuant to the Agreement, Energy Technology will unconditionally transfer not less than 90% of the equity interests of a target company (the "**Target Company**"), which owned two 7.1-meter top-loading coking furnaces with an aggregate annual production capacity being not less than 1,200,000 tons of coke, to the Group as the compensation of the Incident to the Company and GRG Huscoke. The Company's interest in the Target Company will offset the total receivables upon the completion of the aforesaid transfer of equity interests. As such, the receivables due from the non-controlling shareholder of a subsidiary are classified as non-current assets as at 31 December 2021 as it is expected that the receivables will be settled by other non-current assets.

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

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

12. OTHER PAYABLES, ACCRUALS AND DEPOSIT RECEIVED

	At 30 September 2023 (Unaudited)	At 31 March 2023 (Audited)
	HK$'000	*HK$'000*
Other payables and accrued charges	**78,890**	59,199
Amount due to a former subsidiary	**56,414**	58,504
	135,304	117,703
Less: Current portion	**(78,890)**	(59,199)
Non-current portion	**56,414**	58,504

The other payables are non-interest bearing and expected to be settled not more than 12 months.

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

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF FINANCIAL YEAR END DATE

On 19 December 2022, the board of directors (the "**Directors**") of company (the "**Company**" and the "**Board**", respectively) resolved to change the financial year end date of the Company from 31 December to 31 March. Immediately following such change, the financial year end date of the Company was 31 March 2023. Please refer to the Company's announcement dated 19 December 2022 for details.

In fact, the Company announced the following information of the Company and its subsidiaries (the "**Group**") on the dates stated below:

a. unaudited consolidated results for the six months ended 30 June 2022 (the "**Previous Period**") on 29 August 2022;

b. unaudited consolidated results for the 12 months ended 31 December 2022 on 28 February 2022; and

c. audited consolidated results for the 15 months ended 31 March 2023 on 30 June 2023.

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 September 2023 (the "**Reporting Period**") together with relevant comparative audited or unaudited figures.

BUSINESS REVIEW

The Company has completed the very substantial transaction and its transaction confirmation on 18 January and 24 March 2023, respectively. Shanxi Jinyan Energy Jiarun Co., Ltd* (山西金岩能源嘉潤有限責任公司) ("**Energy Jiarun**") became the domestic business entity of the Group, which owned two 7.1-meter coking furnaces with annual production capacity of not less than 1,200,000 tons of coke ("**Coking Furnace Assets**"). Afterwards, the Company has actively carried out preparatory work for the commencement of operation of the Coking Furnace Assets.

However, the economic recovery in China was below expectation. The insufficient demand for real estate and infrastructure led to a weak demand for steel, causing the coke price to be a relative weak. As such, the coke enterprises encountered difficulties during their operations. Energy Technology has failed to complete the construction of pollutant treatment and by-product processing facilities due to objective matters including the COVID-19 pandemic and its subsequent impacts and insufficient construction funds. Therefore, the Coking Furnace Assets of the Company were unable to be put into production until the completion of the above facilities. As such, the Group did not have any coke production and operating business and did not record any revenue for the Reporting Period.

The Company has requested Energy Technology to fulfill its commitments under the Agreement and actively procured Energy Technology to accelerate the construction progress of such facilities. Energy Technology has substantially secured construction funds through its own financing channels. The Company is expected to put the Coking Furnace Assets into production and resume its original coke production and operating business after such facilities are ready.

PROSPECTS

Looking ahead to the second half, under the background of economic stimulus measures successively introduced by the Chinese government and the expectation of improved Chinese macro economy, the improvement in demand for real estate and infrastructure can contribute to boost the demand of coke. As such, the coke industry is expected to leave the downtrend and transit to an recovery trend.

The Company will strive to commence the operation of the Coking Furnace Assets with an aim to resume its coke production business as soon as possible and to generate sustainable operating income and operating cash flow for the Group in the future. In addition, the Company is also exploring the possibility of transitional operating arrangements for the purpose of resuming operations and meeting the demand for customer in the short term until the Coking Furnace Assets of the Company are formally put into operation.

FINANCIAL REVIEW

Consolidated Operating Results

Revenue

For the Reporting Period, the Group has not generated revenue (Previous Period: HK$15,662,000), the decrease in revenue was mainly because the disposal of GRG Huscoke (Shanxi) Limited* (山西金岩和嘉能源有限公司) ("**GRG Huscoke**") having been completed on 30 March 2023 and its financial results ceasing to be consolidated into the financial statement of the Group. In addition, Energy Technology has failed to complete the construction of production supporting equipment and public auxiliary facilities due to objective matters, and also failed to provide the same to the Company, therefore the new Coking Furnace Assets of the Company have not yet commenced production. As such, the Group did not record any revenue for the Reporting Period.

Gross loss and gross loss margin

For the Reporting Period, as the Group has not generated revenue and in related cost of sales, it has not recorded gross loss (Previous Period: HK$115,868,000).

The overall gross loss margin was 739.8% in the Previous Period.

Operating Results of Segments

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 which are generated as by-products produced during 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 that are generated during coke production (the "**Coke Production Segment**").

Coke Trading Segment

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

Coal-related Ancillary Segment

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

The external sales mainly represented the revenue from sales of power and heat energy to the community in Xiaoyi City, Shanxi Province, China. For the Reporting Period, there is no external sales (Previous Period: HK$15,662,000). During the Reporting Period, the Group has not incurred segment result, compared to segment loss of approximately HK$69,640,000 in the Previous Period. The decrease was mainly due to the disposal of GRG Huscoke having been completed on 30 March 2023 and its financial results ceasing to be consolidated into the financial statement of the Group.

* *For identification purpose only*

Coke Production Segment

The Group has not generated revenue from Coke Production Segment and has no segment results from coke production, for two consecutive reporting period, which was mainly due to the disposal of GRG Huscoke having been completed on 30 March 2023 and its financial results ceasing to be consolidated into the financial statement of the Group. In addition, Energy Technology has failed to complete the construction of production supporting equipment and public auxiliary facilities due to objective matters, and also failed to provide the same to the Company, therefore the new Coking Furnace Assets of the Company have not yet commenced production. As such, the Group did not record any revenue for the Reporting Period.

Selling and Distribution Costs

During the Reporting Period, the Group has no selling and distribution costs, as compared to approximately HK$655,000 in the Previous Period. The decrease in such expenses was in line with the decrease in revenue. There was no revenue generated during the Reporting Period.

Administrative Expenses

The Group's administrative expenses were approximately HK$17,751,000 (Previous Period: HK$53,231,000) during the Reporting Period. The decrease in such expenses was in line with the decrease in revenue. There was no revenue generated during the Reporting Period.

Finance Costs

For the Reporting Period, the finance costs of the Group were approximately HK$15,560,000 (Previous Period: HK$52,534,000). The decrease was mainly due to the disposal of GRG Huscoke having been completed on 30 March 2023 and its financial results ceasing to be consolidated into the financial statement of the Group.

Loss for the Period

For the Reporting Period, the Group has recorded a loss for the period of approximately HK$21,768,000 (Previous Period: HK$35,103,000). The decrease in loss for the period was mainly due to the disposal of GRG Huscoke having been completed on 30 March 2023 and its financial results ceasing to be consolidated into the financial statement of the Group. In addition, Energy Technology has failed to complete the construction of production supporting equipment and public auxiliary facilities due to objective matters, and also failed to provide the same to the Company, therefore the new Coking Furnace Assets of the Company have not yet commenced production. As such, the Group did not record any revenue for the period, and no related costs and expenses were incurred, which significantly reduced the costs and expenses of the Group during the period.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal of the Group for the six months ended 30 September 2023.

SIGNIFICANT INVESTMENTS

As at 30 September 2023, the Group had no significant investment with a value of more than 5% of the total assets of the Group.

CHARGES OVER ASSETS

The Group had no pledged assets, including pledged deposit, as at 30 September 2023 (31 March 2023: Nil).

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period as compared with the fifteen months ended 31 March 2023.

The Group's principal financial instruments comprise bank and other borrowings. The main purpose of these financial instruments is to raise working capital for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, amounts due from the non-controlling shareholder, cash and bank balances, trade payables, and other payables and accruals, all of 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 comes to agreement on policies for managing each of these risks in a timely manner.

The Group regularly monitors its capital conditions using the gearing ratio. The gearing ratio as at 30 September 2023 was 44% (31 March 2023: 42%).

As at 30 September 2023, the equity attributable to owners of the parent amounted to approximately HK$923,014,000 (31 March 2023: HK$1,011,367,000). The net assets per share was approximately HK$3.75 per share as at 30 September 2023 (31 March 2023: HK$4.14 per share).

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were approximately HK$240,793,000 (31 March 2023: HK$226,939,000) and 0.35 (31 March 2023: 0.36), respectively as at 30 September 2023.

As at 30 September 2023, the Group's cash and bank balances amounted to approximately HK$487,000 (31 March 2023: HK$601,000). The other borrowings were approximately HK$218,188,000 (31 March 2023: HK$218,188,000).

As of 30 September 2023 and 31 March 2023, the Group had no bills payable.

INTEREST RATE RISK

The Group's interest rate risk mainly comprises 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. The Group's fair value interest rate risk relates primarily to short-term cash and bank balances. 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 as much as possible the fair value interest rate risk, the Group keeps its borrowings with a fixed rate of interest. Management will monitor the interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

FOREIGN CURRENCY RISK

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

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities which have not been provided in the financial statements (31 March 2023: Nil).

TREASURY POLICIES

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

EMPLOYEES AND REMUNERATION

For this Reporting Period, the Group's staff costs amounted to approximately HK$4,649,000, as compared to approximately HK$12,407,000 for the Previous Period, of which GRG Huscoke accounted for approximately HK$7,511,000. The disposal of GRG Huscoke having been completed on 30 March 2023 and its financial results ceasing to be consolidated into the financial statement of the Group. As at 30 September 2023, the Group had 16 employees with 14 employees stationed in Hong Kong, as compared to 20 employees as at 31 March 2023. Upon the full operation of the new coking furnace asset, the labor relationship of the management and workers in Mainland China will be officially transferred to Energy Jiarun.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward and motivate individual performance. There were no share options outstanding under the Share Option Scheme at the beginning or at the end of the Reporting Period, and no share options were granted, exercised, cancelled or lapsed during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

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

EVENTS AFTER THE REPORTING PERIOD

Termination of Open Offer

On 19 August 2022, the Company proposed to raise approximately HK$121,700,000 before expenses, by way of open offer on the basis of two (2) new ordinary shares of HK$0.1 each (the "**Offer Shares**") for every one (1) existing share of HK$0.1 each (the "**Shares**") (the "**Open Offer**"). For details of the Open Offer, please refer to the announcement of the Company dated 19 August 2022 and the circular of the Company dated 14 October 2022. The Open Offer (including the grant of special mandate) was approved by the independent Shareholders at the SGM held on 31 October 2022. For details, please refer to the poll results announcement of the Company dated 31 October 2022.

On 11 August 2023, after due and careful consideration, the Board considers that the current market conditions have made it inexpedient or inadvisable to proceed with the Open Offer and that the Open Offer would not be in the best interest of the Company and the Shareholders as a whole, and as such, the Board resolved not to proceed with the Open Offer. For details, please refer to the announcement of the Company dated 11 August 2023.

Termination of the Convertible Bonds Agreement

On 19 September 2022, the Company entered into a convertible bonds subscription agreement with Wahen Investments Limited (the "**Subscriber**") (the "**First CB Subscription**"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds in an aggregate principal amount of HK$154,000,000. For details, please refer to the announcement of the Company dated 19 September 2022 and the circular of the Company dated 14 October 2022. The First CB Subscription (including the grant of special mandate) was approved by the independent Shareholders at the SGM held on 31 October 2022. For details, please refer to the poll results announcement of the Company dated 31 October 2022.

On 29 August 2023, as the conditions precedent to the convertible bonds subscription agreement were not fully fulfilled by the long stop date, the First CB Subscription was terminated in accordance with the terms of the relevant agreement. For details, please refer to the announcement of the Company dated 29 August 2023.

The Convertible Bonds Agreement

On 11 September 2023, the Company entered into a convertible bonds subscription agreement with Wahen Investments Limited (the "**Subscriber**") (the "**Second CB Subscription**"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of HK$200,000,000. For details, please refer to the announcement of the Company dated 11 September 2023 and the circular of the Company dated 17 October 2023.

As the Second CB Subscription (including the grant of special mandate) was not approved by independent Shareholders at the SGM held on 3 November 2023, the Company will not proceed with the Second CB Subscription. For details, please refer to the poll results announcement of the Company dated 3 November 2023.

REVIEW OF INTERIM RESULTS BY 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 unaudited condensed consolidated interim results of the Group for the Reporting Period have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE CODE

Save and except as disclosed below, the Company has complied with the code provisions stipulated in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 to the Listing Rules for the Reporting Period.

Code Provision C.2.1

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to 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 Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2023 INTERIM REPORT

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

The 2023 interim report of the Company containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and of the Company (http://www.huscoke.com). The printed copies of the 2023 interim report of the Company will be despatched to the Shareholders in due course.

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

APPRECIATION

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

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

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

Hong Kong, 30 November 2023

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