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## **HUSCOKE HOLDINGS LIMITED**

**和嘉控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 704)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

Reference is made to the announcement of Huscoke Holdings Limited (the “**Company**”) dated 31 March 2021 in relation to the unaudited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2020 (the “**2020 Unaudited Annual Results Announcement**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the auditing process of the annual results of the Group for the year ended 31 December 2020 has been completed. As certain adjustments have been made to the unaudited annual results of the Group as contained in the 2020 Unaudited Annual Results Announcement, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed “Material Differences between 2020 Unaudited and Audited Annual Results” in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The audited consolidated annual results of the Group for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019 are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>REVENUE</b>	6	<b>1,176,982</b>	1,605,356
Cost of sales		<u>(1,050,092)</u>	<u>(1,429,499)</u>
<b>Gross profit</b>		<b>126,890</b>	175,857
Other income and gains, net	6	<b>298,527</b>	264,714
Selling and distribution costs		<b>(10,953)</b>	(123,024)
Administrative expenses		<b>(93,595)</b>	(109,072)
Finance costs	7	<b>(73,351)</b>	(60,004)
Other operating expenses, net	8(b)	<u><b>(775,051)</b></u>	<u>(143,500)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	8	<b>(527,533)</b>	4,971
Income tax expense	9	<u><b>(4,999)</b></u>	<u>(11,547)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(532,532)</b></u>	<u>(6,576)</u>
<i>Other comprehensive (expenses)/income</i>			
<i>Items that may be reclassified subsequently to profit or loss, net of tax:</i>			
Exchange differences arising on translation of foreign operations		<u><b>(5,467)</b></u>	<u>3,160</u>
Other comprehensive (expenses)/income for the year, net of tax		<u><b>(5,467)</b></u>	<u>3,160</u>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR</b>		<u><b>(537,999)</b></u>	<u>(3,416)</u>

		<b>2020</b>	2019
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>		(Restated)
<b>(LOSS)/PROFIT FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(484,675)</b>	(9,391)
Non-controlling interests		<b>(47,857)</b>	2,815
		<u><b>(532,532)</b></u>	<u>(6,576)</u>
<b>TOTAL COMPREHENSIVE (EXPENSES)/</b>			
<b>INCOME FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO</b>			
Owners of the Company		<b>(489,746)</b>	(6,020)
Non-controlling interests		<b>(48,253)</b>	2,604
		<u><b>(537,999)</b></u>	<u>(3,416)</u>
<b>LOSS PER SHARE</b>			
Basic	10	<u><b>(HK168.8 cents)</b></u>	<u>(HK3.4 cents)</u>
Diluted	10	<u><b>(HK168.8 cents)</b></u>	<u>(HK3.4 cents)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		<b>31 December 2020 HK\$'000</b>	31 December 2019 HK\$'000 (Restated)	1 January 2019 HK\$'000 (Restated)
	<i>Notes</i>			
<b>Non-Current Assets</b>				
Property, plant and equipments		<b>103,860</b>	576,422	570,644
Interest in an associate		–	–	79,790
Financial assets at fair value through profit or loss		<b>1,508</b>	1,508	24,249
Trade receivable	11	<b>268,463</b>	–	–
Prepayments, deposits and other receivables	12	<b>1,121,224</b>	–	–
Deferred tax assets		<b>9,512</b>	–	–
		<hr/>	<hr/>	<hr/>
<b>Total non-current assets</b>		<b>1,504,567</b>	577,930	674,683
<b>Current Assets</b>				
Inventories		<b>60,237</b>	43,459	85,377
Trade receivable	11	<b>301,688</b>	643,781	367,083
Prepayments, deposits and other receivables	12	<b>176,733</b>	1,370,337	869,278
Restricted bank deposits	14	–	5,038	–
Cash and bank balances	14	<b>21,119</b>	20,839	18,894
		<hr/>	<hr/>	<hr/>
<b>Total current assets</b>		<b>559,777</b>	2,083,454	1,340,632
<b>Current liabilities</b>				
Trade payables	15	<b>359,736</b>	476,658	237,326
Other payables, accruals and deposit received	16	<b>928,031</b>	909,835	738,918
Bank and other borrowings		<b>624,697</b>	267,048	302,490
Lease liabilities		<b>4,756</b>	1,134	–
Financial guarantee contracts		<b>139,200</b>	136,469	137,049
Convertible bonds		–	–	43,526
Tax payable		<b>20,481</b>	16,116	5,150
		<hr/>	<hr/>	<hr/>
<b>Total current liabilities</b>		<b>2,076,901</b>	1,807,260	1,464,459
<b>Net current (liabilities)/assets</b>		<b>(1,517,124)</b>	276,194	(123,827)
		<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>(12,557)</b>	854,124	550,856

		<b>31 December</b>	31 December	1 January
		<b>2020</b>	2019	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>		(Restated)	(Restated)
<b>Non-Current Liabilities</b>				
Deferred income	16	<b>5,344</b>	5,034	8,205
Bank and other borrowings		<b>92,885</b>	421,975	130,528
Lease liabilities		<b>8,177</b>	8,424	–
Deferred tax liability		<b>5,938</b>	5,593	11,253
		<u>112,344</u>	<u>441,026</u>	<u>149,986</u>
<b>Total non-current liabilities</b>		<b>112,344</b>	441,026	149,986
<b>Net (liabilities)/assets</b>		<b>(124,901)</b>	413,098	400,870
		<u><u>(124,901)</u></u>	<u><u>413,098</u></u>	<u><u>400,870</u></u>
<b>Equity</b>				
Equity attributable to owners of the Company				
Share capital		<b>28,707</b>	28,707	27,264
Reserves		<b>(140,116)</b>	349,630	341,449
		<u>(111,409)</u>	<u>378,337</u>	<u>368,713</u>
Non-controlling interests		<b>(13,492)</b>	34,761	32,157
		<u>(13,492)</u>	<u>34,761</u>	<u>32,157</u>
<b>Total (deficit)/equity</b>		<b>(124,901)</b>	413,098	400,870
		<u><u>(124,901)</u></u>	<u><u>413,098</u></u>	<u><u>400,870</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2020*

## 1. CORPORATE INFORMATION

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

At 31 December 2020, the Directors consider that the immediate and ultimate controlling party of the Group to be Shun Wang Investments Limited, a company incorporated in British Virgin Islands and Mr. Zhao Xu Guang, a director of the Company, respectively.

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

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

## 2. PRESENTATION AND BASIS OF PREPARATION

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

The Group incurred loss attributable to owners of the Company of HK\$484,675,000 and HK\$9,391,000 respectively for two consecutive years of year ended 31 December 2020 and 2019 and as at 31 December 2020 the Group had net current liabilities and net liabilities of HK\$1,517,124,000 and HK\$124,901,000, respectively. Further, the Group’s major subsidiary was required to shut down its operating assets, which bring significant impacts on the Group’s operations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group’s ability to completion of the very substantial transaction of new operating assets, the completion of the fund-raising activities and the success in delaying the payments by persuading its creditors of the Group not to insist on demanding repayment before the full operation of the Group’s new operating assets. The consolidated financial statements do not include any adjustments that would result from the failure to complete the very substantial transaction, to complete the fund-raising activities and to delay the repayments.

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

### 3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. 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 year 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.

### 4 PRIOR YEAR ADJUSTMENTS

- (a) In the preparation of the Company's consolidated financial statements for the year ended 31 December 2020, the Company discovered that several loans and financial guarantee transactions that GRG Huscoke has entered into were deliberately concealed by the then management and relevant personnel of GRG Huscoke and excluded the relevant loans and financial guarantees from the Company's consolidated financial statements (the "**Incident**"). In response to the matters of the Incident, the Company has set up an investigation committee and engaged an independent adviser to carry out an investigation on the Incident (the "**Investigation**").

Based on the findings from the Investigation, the Directors noted that 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, has been conspired with then directors and management of GRG Huscoke with the cooperation of Xiaoyi City Jianeng Coal Chemical Technology Development Company Limited\*(孝義市嘉能煤化科技開發有限公司), being the 1% minority shareholder of GRG Huscoke, deliberately ignored the formal approval process and financial control measures of the Group, leveraged the assets and credit of the Group to conduct loans from the banks without authorisation, and misappropriated of the major funds from such loans. Details of the results of the Investigation are set out in the Company's announcement dated 18 January 2022 and 26 May 2022.

The Group has been negotiated with the parties involved in the Incident, and Jinyan Electricity agreed to compensate for all the losses and expenses arising from the unrecorded loans and the relevant accrued interests to the Group.

- (i) Adjustment relating to the unrecorded loans and the relevant accrued interests

According to the results of the Investigation, the unrecorded loans were conducted by GRG Huscoke between 2015 to 2019 from several financial institutions and corporate lenders in the PRC. As at 1 January 2019 and 31 December 2019, the aggregated unrecorded loans arising from the Incident amounted to approximately HK\$414,830,000 and HK\$470,835,000, respectively, and the relevant accrued interests arising from these loans amounted to approximately HK\$88,640,000 and HK\$129,461,000, respectively. Such loans and interests are fully charged back to Jinyan Electricity. Prior year adjustments have been made to recognise interest income of approximately HK\$48,595,000 and interest expenses of approximately HK\$48,595,000 for the year ended 31 December 2019.

\* For identification purpose only

(ii) Adjustment relating to the unrecorded financial guarantee contracts

According to the results of the Investigation, there were several financial guarantees undertaken by GRG Huscoke since 2016. In this regard, the Group has engaged Ascent Partners Valuation Service Limited, an independent valuer, to carry out the valuation of the financial guarantees provided by GRG Huscoke at the inception date. As at 1 January 2019 and 31 December 2019, the aggregated financial guarantees contracts amounted to approximately HK\$137,049,000 and HK\$136,469,000, respectively. Prior year adjustments have been made to recognise amortisation on financial guarantee contracts of approximately HK\$136,663,000, recognition of financial guarantee contracts of approximately HK\$136,859,000, loss allowance on financial guarantee contracts of approximately HK\$11,033,000 and reversal of loss allowance on financial guarantee contracts of approximately HK\$11,004,000 for the year ended 31 December 2019.

(b) Adjustment relating to the overdue charges of tax payables

The Group has overdue tax payables to PRC tax bureau brought forward from previous years. Overdue charges for these tax payables had not been recognized in previous years' consolidated financial statements. As a result, prior year adjustments have been made to recognise overdue charges of approximately HK\$21,055,000 to administrative expenses for the year ended 31 December 2019 and overdue charges payables of approximately HK\$24,296,000 and HK\$45,062,000 as at 1 January 2019 and 31 December 2019, respectively.

The Group has quantified the financial impacts on its financial statements and their impacts on the Company's consolidated financial statements are provided in the tables below.

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of financial position as at 31 December 2019 and 1 January 2019 were as follows:

<b>Consolidated Statement of Financial Position</b>					
<b>As at 31 December 2019</b>					
	<b>As previously reported</b>	<b>Prior year adjustments</b>			<b>As restated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(a)(i)</i>	<i>(a)(ii)</i>	<i>(b)</i>	
<b>Current assets</b>					
Prepayments, deposits and other receivables	770,041	600,296	–	–	1,370,337
<b>Current liabilities</b>					
Bank and other borrowings	18,188	248,860	–	–	267,048
Other payables, accruals and deposit received	735,312	129,461	–	45,062	909,835
Financial guarantee contracts	–	–	136,469	–	136,469
<b>Net current assets/(liabilities)</b>	<b>235,750</b>	<b>221,975</b>	<b>(136,469)</b>	<b>(45,062)</b>	<b>276,194</b>
<b>Total assets less current liabilities</b>	<b>813,680</b>	<b>221,975</b>	<b>(136,469)</b>	<b>(45,062)</b>	<b>854,124</b>
<b>Non-Current Liabilities</b>					
Bank and other borrowings	200,000	221,975	–	–	421,975
<b>NET ASSETS/(LIABILITIES)</b>	<b>594,629</b>	<b>–</b>	<b>(136,469)</b>	<b>(45,062)</b>	<b>413,098</b>

\* For identification purpose only

**Consolidated Statement of Financial Position**  
**As at 1 January 2019**

	As previously reported <i>HK\$'000</i>	Prior year adjustments			As restated <i>HK\$'000</i>
		<i>HK\$'000</i> (a)(i)	<i>HK\$'000</i> (a)(ii)	<i>HK\$'000</i> (b)	
<b>Current assets</b>					
Prepayments, deposits and other receivables	365,808	503,470	–	–	869,278
<b>Current liabilities</b>					
Bank and other borrowings	–	302,490	–	–	302,490
Other payables, accruals and deposit received	625,982	88,640	–	24,296	738,918
Financial guarantee contracts	–	–	137,049	–	137,049
<b>Net current assets/(liabilities)</b>	(74,822)	112,340	(137,049)	(24,296)	(123,827)
<b>Total assets less current liabilities</b>	599,861	112,340	(137,049)	(24,296)	550,856
<b>Non-current Liabilities</b>					
Bank and other borrowings	18,188	112,340	–	–	130,528
<b>NET ASSETS/(LIABILITIES)</b>	<u>562,215</u>	<u>–</u>	<u>(137,049)</u>	<u>(24,296)</u>	<u>400,870</u>

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of profit or loss for the year ended 31 December 2019 were as follows:

	As previously reported	Prior year adjustments			As restated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(a)(i)	(a)(ii)	(b)	
Other income and gains, net	68,452	48,595	147,667	–	264,714
Administrative expenses	(88,018)	–	–	(21,054)	(109,072)
Other operating income/ (expenses), net	4,392	–	(147,892)	–	(143,500)
Finance costs	(11,409)	(48,595)	–	–	(60,004)
<b>PROFIT/(LOSS) BEFORE TAX</b>	26,250	–	(225)	(21,054)	4,971
<b>PROFIT/(LOSS) FOR THE YEAR</b>	14,703	–	(225)	(21,054)	(6,576)
Exchange differences arising on translation of foreign operations	2,067	–	805	288	3,160
Total comprehensive income/ (expenses) for the year	<u>16,770</u>	<u>–</u>	<u>580</u>	<u>(20,766)</u>	<u>(3,416)</u>
<b>Profit/(loss) for the year attributable to:</b>					
Owners of the Company	9,761	–	(203)	(18,949)	(9,391)
Non-controlling interests	<u>4,942</u>	<u>–</u>	<u>(22)</u>	<u>(2,105)</u>	<u>2,815</u>
	<u>14,703</u>	<u>–</u>	<u>(225)</u>	<u>(21,054)</u>	<u>(6,576)</u>
<b>Total comprehensive income/ (expenses) attributable to:</b>					
Owners of the Company	12,148	–	599	(18,767)	(6,020)
Non-controlling interests	<u>4,622</u>	<u>–</u>	<u>(19)</u>	<u>(1,999)</u>	<u>2,604</u>
	<u>16,770</u>	<u>–</u>	<u>580</u>	<u>(20,766)</u>	<u>(3,416)</u>
<b>Earnings/(losses) per share (as adjusted to reflect the share consolidation in November 2020)</b>					
Basic (HK cents)	<u>3.5</u>	<u>–</u>	<u>–</u>	<u>(6.9)</u>	<u>(3.4)</u>
Diluted (HK cents)	<u>3.5</u>	<u>–</u>	<u>–</u>	<u>(6.9)</u>	<u>(3.4)</u>

## 5. OPERATING SEGMENT INFORMATION

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

- (a) the coke trading segment – purchases and sales of coke and coal;
- (b) the coal-related ancillary segment – washing of raw coal into refined coal for sale and for further processing, and sale of electricity and heat which are generated as the by-products during the washing of raw coal; and
- (c) the coke production segment – processing of refined coal into coke for sales, and sale of coke by-products that are generated during coke production.

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

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

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

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

## Segment revenue and results

For the year ended 31 December 2020

	Coke trading HK\$'000	Coal-related ancillary HK\$'000	Coke Production HK\$'000	Eliminations HK\$'000	Total HK\$'000
<b>Segment revenue:</b>					
– external sale	3,042	65,600	1,108,340	–	1,176,982
– intersegment sale	–	23,562	–	(23,562)	–
Other income	–	36,168	–	–	36,168
<b>Total</b>	<b>3,042</b>	<b>125,330</b>	<b>1,108,340</b>	<b>(23,562)</b>	<b>1,213,150</b>
<b>Segment results</b>	<b>156</b>	<b>(72,754)</b>	<b>(210,899)</b>	<b>–</b>	<b>(283,497)</b>
Unallocated other income					1,545
Compensation income					14,130
Amortization on financial guarantee contracts					130,781
Recognition of financial guarantee contracts					(130,784)
Loss allowance on financial guarantee contracts					(5,644)
Reversal of loss allowance on financial guarantee contracts					11,046
Impairment loss for trade receivables					(84,127)
Impairment loss for prepayments and other receivables					(77,280)
Interest income arising in other receivables					104,857
Corporate administrative expenses (note)					(135,209)
Finance costs					(73,351)
Loss before tax					(527,533)
Income tax expense					(4,999)
Loss for the year					(532,532)
<b>Segment assets</b>	<b>–</b>	<b>210,290</b>	<b>622,879</b>	<b>1,231,175</b>	<b>2,064,344</b>
<b>Segment liabilities</b>	<b>–</b>	<b>461,474</b>	<b>46,192</b>	<b>1,681,579</b>	<b>2,189,245</b>
	Coke trading HK\$'000	Coal-related ancillary HK\$'000	Coke Production HK\$'000	Corporate and unallocated HK\$'000	Total HK\$'000
<b>Other segment information:</b>					
Additions of property, plant and equipment	–	–	29,271	256	29,527
Additions of right-of-use assets	–	–	–	6,692	6,692
Depreciation	–	5,429	25,477	7,952	38,858
Impairment on property, plant and equipment	–	84,055	351,548	41,613	477,216

*For the year ended 31 December 2019*

	Coke trading <i>HK\$'000</i>	Coal-related ancillary <i>HK\$'000</i>	Coke Production <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>					
– external sale	2,540	168,505	1,434,311	–	1,605,356
– intersegment sale	–	108,288	–	(108,288)	–
Other income	–	45,878	–	–	45,878
<b>Total</b>	<b>2,540</b>	<b>322,671</b>	<b>1,434,311</b>	<b>(108,288)</b>	<b>1,651,234</b>
<b>Segment results</b>	<b>–</b>	<b>861</b>	<b>97,849</b>	<b>–</b>	<b>98,710</b>
Unallocated other income					8,649
Compensation income					10,126
Interest income arising in other receivables					52,394
Amortization on financial guarantee contracts					136,663
Recognition of financial guarantee contracts					(136,859)
Loss allowance on financial guarantee contracts					(11,033)
Reversal of loss allowance on financial guarantee contracts					11,004
Gain on exercise the put option for the disposal of interest in an associate, net					1,054
Other operating income					(852)
Share of results from an associate					(8,982)
Corporate administrative expenses ( <i>note</i> )					(95,899)
Finance costs					(60,004)
Profit before tax					4,971
Income tax expense					(11,547)
Loss for the year					(6,576)
<b>Segment assets</b>	<b>2,851</b>	<b>358,889</b>	<b>1,038,714</b>	<b>1,260,930</b>	<b>2,661,384</b>
<b>Segment liabilities</b>	<b>1,135</b>	<b>493,775</b>	<b>572,425</b>	<b>1,180,951</b>	<b>2,248,286</b>
	Coke trading <i>HK\$'000</i>	Coal-related ancillary <i>HK\$'000</i>	Coke Production <i>HK\$'000</i>	Corporate and unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information:</b>					
Additions of property, plant and equipment	–	999	2,791	14,046	17,836
Depreciation	–	2,777	12,148	2,429	17,354

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

## Geographical information

### (a) Revenue from external customers

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

### (b) Non-current assets

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	5,396	2,746
The PRC	98,464	573,676
	<u>103,860</u>	<u>576,422</u>

The non-current asset information is based on the locations of the assets and excludes 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	668,510	–
Customer B	241,603	*N/A
Customer C	–	455,622
Customer D	*N/A	279,356
	<u>910,113</u>	<u>734,978</u>

\* These customers did not individually contribute 10% or more of the total revenue from Group in 2020 or 2019.

## 6. REVENUE, OTHER INCOME AND GAINS

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>		
Transportation service	–	986
Sales of electricity and heat	65,600	75,119
Sales of medium coal, coke and by-products	1,111,382	1,529,251
	<u>1,176,982</u>	<u>1,605,356</u>

The revenue is recognised at a point in time.

### Other income and gains, net

Compensation income ( <i>Note a</i> )	14,130	10,126
Interest income from bank deposits	2	160
Interest income from related companies	6,843	–
Interest income from a non-controlling shareholder	45,345	–
Interest income from other receivables	–	3,639
Governments grant ( <i>Note b</i> )	37,345	45,878
Loss arising from amendments to convertible bonds	–	(185)
Sundry income	368	8,834
Interest charged back to Jinyan Electricity related borrowing ( <i>Note 4(a)</i> )	52,667	48,595
Amortization on financial guarantee contracts	130,781	136,663
Reversal of loss allowance on financial guarantee contracts	11,046	11,004
	<u>298,527</u>	<u>264,714</u>

*Notes:*

- (a) In 2019, the Group paid 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.

\* For identification purpose only

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expenses on other borrowings	20,000	9,638
Interest expenses on convertible bonds	–	1,123
Interest expenses on lease liabilities	684	648
Interest expenses on Jinyan Electricity related borrowing ( <i>Note 4(a)</i> )	<u>52,667</u>	<u>48,595</u>
	<u><b>73,351</b></u>	<u><b>60,004</b></u>

## 8. (LOSS)/PROFIT BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration	2,050	1,300
Cost of inventories	1,050,092	1,429,499
Depreciation		
– Owned	34,782	17,354
– Right-of-use assets	4,076	3,413
Employee benefit expense (including Director's remuneration):		
– Wages and salaries	49,889	42,108
– Pension scheme contributions ( <i>Note a</i> )	<u>14,263</u>	<u>12,797</u>
Total employee benefit expenses	<u>64,152</u>	<u>54,905</u>
Provision/(reversal) of loss allowance of trade receivables, net ( <i>Note b</i> )	84,127	(381)
Provision of loss allowance of other receivables, net ( <i>Note b</i> )	77,280	1,235
Impairment loss on property, plant and equipment ( <i>Note b</i> )	477,216	–
Recognition of financial guarantee contracts ( <i>Note b</i> )	130,784	136,859
Loss allowance on financial guarantee contracts ( <i>Note b</i> )	5,644	11,033
Gain on exercise the put option for the disposal of interest in an associate, net ( <i>Note b</i> )	–	(1,054)
Gain on disposal of property, plant and equipment	(313)	(2,023)
Share of result from interest in an associate ( <i>Note b</i> )	<u>–</u>	<u>8,982</u>

*Notes:*

- (a) As at 31 December 2020 and 2019, 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.

## 9. 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 2020 and 2019.

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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – Hong Kong	–	–
Current – The PRC		
Charge for the year	13,782	17,564
Under/(over)-provision in prior years	250	(385)
	<u>14,032</u>	<u>17,179</u>
Deferred tax credit for the year	(9,033)	(5,632)
	<u>4,999</u>	<u>11,547</u>

## 10. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$484,675,000 (2019 (restated): HK\$9,391,000) and the weighted average number of ordinary shares of 287,071,349 (2019 (restated): 276,268,736, as adjusted to reflect the share consolidation in November 2020) in issue during the year.

### Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 December 2020.

The calculation of diluted loss per share attributable to owners of the Company for the year ended 31 December 2019 is based on the loss for the year attributable to owners of the Company, adjusted to reflect the interest and profit arising from amendment to the convertible bonds. The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2019.

## 11. TRADE RECEIVABLE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables:		
– third parties	445,686	424,245
– related companies ( <i>note 13(c)</i> )	39,573	38,574
– non-controlling shareholder of a subsidiary ( <i>note 13</i> )	228,890	233,149
	<u>714,149</u>	<u>695,968</u>
Less: loss allowance	<u>(143,998)</u>	<u>(52,187)</u>
	570,151	643,781
Less: Current portion	<u>(301,688)</u>	<u>(643,781)</u>
	268,463	–
	<u><u>268,463</u></u>	<u><u>–</u></u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Within 3 months	285,855	251,163
3 to 4 months	48,828	55,158
Over 4 months	235,468	337,460
	<u>570,151</u>	<u>643,781</u>
	<u><u>570,151</u></u>	<u><u>643,781</u></u>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Other receivables due from the non-controlling shareholder of a subsidiary ( <i>note 13</i> )	312,116	248,377
Prepayments and other receivables due from related companies ( <i>note 13(c)</i> )	116,852	99,665
Borrowing for and related interest charged back to Jinyan Electricity ( <i>note 13</i> ) ( <i>note 4(a)</i> )	692,256	600,296
Trade deposits and other receivables from Energy Technology	165,372	181,484
Prepayments, deposits and other receivables due from other parties	104,641	254,203
Less: loss allowance	<u>(93,280)</u>	<u>(13,688)</u>
	1,297,957	1,370,337
Less: Current portion	<u>(176,733)</u>	<u>(1,370,337)</u>
	1,121,224	–
	<u><u>1,121,224</u></u>	<u><u>–</u></u>

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

	2020 HK\$'000	2019 HK\$'000 (restated)
Trade receivables (note 11) (Notes a and c)	228,890	233,149
Other receivables (note 12) (Notes b and c)	312,116	248,377
Borrowing for and related interest charged back to Jinyan Electricity (Note c)	<u>692,256</u>	<u>600,296</u>
	<b>1,233,262</b>	1,081,822
Less: Current portion	<u>–</u>	<u>(1,081,822)</u>
Non-current portion	<u><b>1,233,262</b></u>	<u>–</u>

*Notes:*

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

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

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

\* For identification purpose only

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

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

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

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

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

On 15 March 2022, the Company subsequently entered into an agreement (“**Agreement**”) and a debt transfer agreement (“**Debt Transfer Agreement**”) with GRG Huscoke, Energy Technology, Jinyan Electricity and Xiaoyi ILNG to modify and supplement the terms of the Cooperation Agreement with the inclusion of remedy and compensation actions as a result of the Incident 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 the way of increasing GRG Huscoke’s receivable due from Energy Technology in the same amount as the contingent liabilities.

Pursuant to the Agreement, Energy Technology will unconditionally transfer not less than 90% of the equity interests of a target company (“**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 2020 as it is expected that the receivables will be settled by other non-current assets.

#### 14. RESTRICTED BANK DEPOSITS, CASH AND BANK BALANCES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Restricted bank deposits	–	5,038
Cash and bank balances	<b>21,119</b>	20,839

At 31 December 2019, the Group's bank balances of RMB4,504,000 (equivalent to HK\$5,038,000) 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 its supplier. The restricted bank balances were denominated in RMB. During the year, all amount due was fully repaid and the court in PRC has issued the awards on 27 May 2020 that the frozen bank accounts of GRG Huscoke be ordered to be de-frozen.

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.

#### 15. TRADE PAYABLES

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 3 months	<b>86,641</b>	266,073
3 to 4 months	<b>4,384</b>	18,440
Over 4 months	<b>268,711</b>	192,145
	<b>359,736</b>	476,658

## 16. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED AND DEFERRED INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Other payables and accrued charges	233,007	254,469
Dividend payables to non-controlling shareholders	5,938	–
Contract liabilities ( <i>Note a</i> )	169,335	313,239
Deferred income ( <i>Note b</i> )	5,344	5,034
Interest payable for Jinyan Electricity related borrowing ( <i>Note 4(a)</i> )	192,832	129,461
Other tax payable	249,816	167,604
Tax penalty payable	77,103	45,062
	<u>933,375</u>	<u>914,869</u>
Less: Current portion	<u>(928,031)</u>	<u>(909,835)</u>
Non-current portion	<u>5,344</u>	<u>5,034</u>

### Notes:

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	313,239	214,700
Recognised as revenue	(239,290)	(188,452)
Receipt of advances	84,293	288,948
Exchange realignment	11,093	(1,957)
	<u>169,335</u>	<u>313,239</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
2020	–	313,239
2021	169,335	–
	<u>169,335</u>	<u>313,239</u>

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

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

## MATERIAL DIFFERENCES BETWEEN 2020 UNAUDITED AND AUDITED ANNUAL RESULTS

As at 31 March 2021, the auditing process had not been completed and the Company published the announcement of unaudited annual results for the year ended 31 December 2020. Subsequent adjustments have been made to the unaudited annual results 2020, shareholders and potential investors of the Company are advised to pay attention to the material differences between the unaudited and audited Annual Results 2020 as set out below.

		<b>Audited Annual Results 2020 HK\$'000</b>	<b>Unaudited Annual Results 2020 HK\$'000</b>	<b>Increase/ (decrease) HK\$'000</b>
	<i>Notes</i>			
<b><u>Profit or loss</u></b>				
Other income and gains, net	(i)	298,527	105,791	192,736
Other operating expenses, net	(ii) (iii)	(775,051)	13,355	(788,406)
Impairment loss on items of property, plant and equipment	(iii)	–	(485,313)	485,313
Income tax expense	(iv)	(4,999)	(14,032)	9,033
Exchange differences arising on translation of foreign operations	(ix)	(5,467)	15,889	(21,356)
<b><u>Non-current assets</u></b>				
Property, plant and equipments	(iii)	103,860	95,333	8,527
Trade receivable	(v)	268,463	–	268,463
Prepayments, deposits and other receivables	(v)	1,121,224	–	1,121,224
Deferred tax assets	(iv)	9,512	–	9,512
<b><u>Current assets</u></b>				
Trade receivable	(vi)	301,688	658,743	(357,055)
Prepayments, deposits and other receivables	(vi)	176,733	702,925	(526,192)
<b><u>Current liabilities</u></b>				
Trade payables	(vii)	359,736	375,114	(15,378)
Other payables, accruals and deposit received	(viii)	928,031	677,655	250,376
Bank and other borrowings	(viii)	624,697	–	624,697
Financial guarantee contracts	(viii)	139,200	–	139,200
<b><u>Non-current liabilities</u></b>				
Bank and other borrowings	(viii)	92,885	200,000	(107,115)

*Notes:*

- (i) The difference in “Other income and gains, net” was resulted from the recognition of interest charged back to Jinyan Electricity related borrowing, amortisation on financial guarantee contracts and reversal of loss allowance on financial guarantee contracts.
- (ii) The difference in “Other operating expenses, net” was resulted from reclassification of “Impairment loss on items of property, plant and equipment”, recognition of Financial guarantee contracts, amortisation on financial guarantee contracts and provision of loss allowance of trade and other receivables.
- (iii) Impairment loss on items of property, plant and equipment was adjusted based on final result of impairment assessment and reclassified to “Other operating expenses, net” to conform with the presentation.
- (iv) The difference in “Income tax expense” and “Deferred tax assets” resulted from the recognition of the tax effect of temporary differences on impairment.
- (v) Trade and other receivables from non-controlling shareholder of a subsidiary and related parties were reclassified to non current assets as the management expect the amount would not settled within 12 months from the end of reporting period.
- (vi) Differences in “Trade receivable” and “Prepayments, deposits and other receivables” was resulted from provision of loss allowance.
- (vii) Certain trade payables were reclassified to other accounting items to conform with the presentation.
- (viii) Differences represented amounts recognised in relation to the Incident in “Bank and other borrowings”, “Financial guarantee contracts”, receivables from non-controlling shareholder and relevant interest receivables and payables.
- (ix) Difference represented the exchange effect of the above adjustments on the foreign operations.

## **EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2020 which has included a disclaimer of opinion:

### **“Disclaimer of opinion**

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

## ***Basis for Disclaimer of Opinion***

### *1. Material uncertainty related to going concern*

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred loss attributable to owners of the Company of HK\$484,675,000 and HK\$9,391,000 respectively for two consecutive years of year ended 31 December 2020 and 2019 and as at 31 December 2020 the Group had net current liabilities and net liabilities of HK\$1,517,124,000 and HK\$124,901,000, respectively. Further, the Group's major subsidiary was required to shut down its operating assets, which bring significant impacts on the Group's operations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to completion of the very substantial transaction of new operating assets, the completion of the fund-raising activities and the success in delaying the payments by persuading its creditors of the Group not to insist on demanding repayment before the full operation of the Group's new operating assets. The consolidated financial statements do not include any adjustments that would result from the failure to complete the very substantial transaction, to complete the fund-raising activities and to delay the repayments. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the multiple uncertainties relating to complete the very substantial transaction, to complete the fund-raising activities and to delay the repayments, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

### *2. Trade receivables and prepayments, deposits and other receivables from third parties*

Impairment losses on trade receivables and prepayments, deposits and other receivables of approximately HK\$84,127,000 and HK\$52,341,000, respectively, were recognised for the year ended 31 December 2020. In relation to certain impairment losses of trade receivables for the year ended 31 December 2020, revenue of approximately HK\$29,794,000 was recognised for the year ended 31 December 2020. Included in the consolidated statement of financial position were trade receivables and prepayments, deposits and other receivables of HK\$Nil and HK\$133,692,000, respectively, as at 31 December 2020, and approximately HK\$50,052,000 and HK\$175,581,000, respectively, as at 31 December 2019.

The management is still in progress on negotiating with the debtors on settlement of the aforesaid balances. In absence of the information in relation to the financial status of the debtors on assessing its ability for settlement to the Group, the management considered that there is uncertainty on recovering the aforesaid balances. The management has not yet initiated actions including but not limited to legal action against the debtors on the balances, hence no result from actions is available up to the date of this report for justifying the extent of the recoverability of the aforesaid balances.

Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of aforesaid balances as at 31 December 2020 and 2019. There are no other satisfactory audit procedures that we could adopt to determine whether the aforesaid impairment losses and revenue for the year ended 31 December 2020 are properly recognised.

3. *Trade receivables and prepayments, deposits and other receivables from non-controlling shareholder of a subsidiary and related companies*

Included in the consolidated statement of financial position were trade receivables and prepayments, deposits and other receivables from non-controlling shareholder of a subsidiary of HK\$228,890,000 and HK\$1,004,372,000 respectively, as at 31 December 2020, and approximately HK\$233,149,000 and HK\$848,673,000, respectively, as at 31 December 2019.

Included in the consolidated statement of financial position were trade receivables and prepayments, deposits and other receivables from related companies of HK\$39,573,000 and HK\$116,852,000, respectively, as at 31 December 2020, and approximately HK\$38,574,000 and HK\$99,665,000, respectively, as at 31 December 2019.

Reference is made to note 21(c) to the consolidated financial statements. The management is still in progress on the potential transaction with the non-controlling shareholder of a subsidiary and its related companies on settlement of the aforesaid balances. In absence of the information in relation to the potential transaction, including but not limited to the valuation of the target assets intended to be used for the settlement of the aforesaid balances and the uncertainties on the timing for the completion of the potential transaction, hence no sufficient information is available up to the date of this report for justifying the extent of the recoverability of the aforesaid balances.

Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of aforesaid balances as at 31 December 2020 and 2019. There are no other satisfactory audit procedures that we could adopt to determine whether the aforesaid balances are fairly stated as at 31 December 2020 and 2019.

Any adjustments to the figures as described in points 2 and 3 above might have a significant consequential effect on the Group's financial performance and cash flows for the year ended 31 December 2020 and 2019 and the financial position of the Group as at 31 December 2020 and 2019, and the related disclosures thereof in the consolidated financial statements."

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the second half of 2020, the overall economy of the PRC recovered from the COVID-19 pandemic, the GDP growth returned to positive throughout the whole year and the gross industrial product increased on a quarterly basis. Driven by demand from property, infrastructure and manufacturing industries, the steel industry remained buoyant while demand for coke rose. The coke price rose and remained high, which was favorable to the profitability of the coke industry.

Meanwhile, based on the Country's "Thirteenth Five-Year Plan", the Shanxi provincial government actively enforced "three-year action plan aims for blue skies". In November 2020, the Shanxi provincial government proposed to completely shut down coking furnaces with a coking chamber height of 4.3 meters and below, and intensified supervision and inspection tasks to reduce production capacity.

As such, GRG Huscoke (Shanxi) LTD\* (山西金岩和嘉能源有限公司) ("**GRG Huscoke**"), a sino-foreign joint venture which is 90% owned by the Company through a wholly-owned subsidiary, received a formal notice from the government authority of Xiaoyi City on 9 December 2020, requesting its two 4.3-metre Coking Furnaces to be shut down (the "**Shutdown Measures**"). One of the furnaces, accounting for half of the production capacity of GRG Huscoke, was shut down on 28 December 2020. As GRG Huscoke is also responsible for supplying electricity and heating to certain regions of Xiaoyi City, and the municipal government has not yet completed the laying works of substitute natural gas pipeline, as such, GRG Huscoke has not yet received any further notice and there is still one furnace in operation with the shutdown schedule not yet finalized as at the end of 2020.

Due to the improvement in the operating environment of the coke industry in the second half of the year, the Group recorded an increase in operating profit for the year. However, due to the Shutdown Measures of the government, the Group had to carry out financial treatment and had incurred asset impairment losses, which then turned the Group from a profit-making position to a loss for the whole year.

### FINANCIAL REVIEW

#### Consolidated operating performance

Total revenue of the Group for the year was approximately HK\$1,176,982,000 (2019: HK\$1,605,356,000). The gross profit for this year amounted to HK\$126,890,000 (2019: HK\$175,857,000), and the Group recorded a gross profit margin of approximately 10.78% for the year as compared to approximately 10.95% in 2019. Loss after tax for the year was approximately HK\$532,532,000 (2019 (restated): HK\$6,576,000), and loss attributable to owners of the Company amounted to HK\$484,675,000 (2019 (restated): HK\$9,391,000). Basic losses per share for the year was 168.8 Hong Kong cents, as compared to the basic losses per (restated) share of 3.4 Hong Kong cents in 2019.

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\$3,042,000 as compared to that of approximately HK\$2,540,000 in the corresponding period last year. The Group’s results from the Coke Trading Segment for the year amounted to HK\$156,000 as compared to that of nil in the corresponding period last year, mainly resulted from the smaller 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\$65,600,000 as compared to that of approximately HK\$168,505,000 in the corresponding period last year, the decrease in revenue was mainly due to the temporary suspension of the coal washing business in 2020. The Group’s segment loss for the year was approximately HK\$72,754,000 (2019: segment profit of approximately HK\$861,000) was mainly due to the provision of impairment loss on property, plant and equipment of approximately HK\$84,055,000 for the current year, and no such provision for the last year.

### ***Coke Production Segment***

The Group’s revenue from the coke production for the year amounted to approximately HK\$1,108,340,000 as compared to that of approximately HK\$1,434,311,000 in the corresponding period last year, the decrease was mainly attributable to the decrease in sales volume of coke due to the suspension of GRG Huscoke’s coking furnace, resulting in a decrease in production capacity. The Group’s segment loss for the year from the coke production was approximately HK\$210,899,000 as compared to that of segment profit approximately HK\$97,849,000 in the corresponding period last year. The difference was due to the provision of impairment loss on property, plant and equipment items of approximately HK\$351,548,000 for the current year, and no such provision for the last year.

### ***Selling and Distribution Costs***

The Group’s selling and distribution costs amounted to approximately HK\$10,953,000 as compared to that of approximately HK\$123,024,000 in the corresponding period last year. The decrease was mainly due to a change in the transportation mode of coke, resulting in the transfer of transportation costs to customers, which decreased from approximately HK\$118,069,000 in 2019 to approximately HK\$8,109,000 in 2020.

### ***Administrative Expenses***

The Group's administrative expenses for the year amounted to approximately HK\$93,595,000 as compared to that of corresponding period last year of approximately HK\$109,072,000 (restated). The decrease was mainly due to the implementation of effective cost control measures.

### ***Finance Costs***

The Group's finance costs for the year amounted to approximately HK\$73,351,000 as compared to that of corresponding period last year of approximately HK\$60,004,000 (restated). The increase was mainly due to the Group's other borrowings added in the second half of 2019 which incurred only half-year interest expense in 2019 compared to a full-year interest expense in 2020.

### ***(Loss)/Profit Before Tax***

The Group's loss before tax for the year amounted to approximately HK\$527,533,000, as compared to that profit before tax of approximately HK\$4,971,000 in the corresponding period last year (restated). The difference was mainly due to impairment loss on property, plant and equipment of approximately HK\$477,216,000 and provision of loss allowance of trade and other receivables of approximately of HK\$161,407,000 for the current year, while such impairment loss on property, plant and equipment and provision of loss allowance of trade and other receivables last year were approximately HK\$Nil and HK\$854,000, respectively.

### **CHARGES OVER ASSETS**

The Group had neither pledged assets nor pledged deposit during the year (including charges over deposits) (2019: Nil).

### **MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL**

During the year ended 31 December, 2020, save for disclosed below, the Group did not have any significant acquisitions or disposals of subsidiaries, associates or joint ventures nor had any significant investment with a value of 5% or more of the Company's total assets.

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.\* (山西百懋源貿易有限公司) 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.

\* For identification purpose only

## **CAPITAL STRUCTURE AND CAPITAL MANAGEMENT**

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or procedures for managing capital during the year ended 31 December 2020 and 31 December 2019.

The Group's principal financial instruments comprise of bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade 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 2020 was 106% (31 December 2019 (restated): 85%).

As of 31 December 2020, the deficit attributable to owners of the Company amounted to HK\$111,409,000 (31 December 2019: the equity attributable to owners of the Company amounted to HK\$378,337,000).

## **LIQUIDITY AND FINANCIAL RESOURCES**

Net current liabilities and current ratio were approximately HK\$1,517,124,000 (31 December 2019 (restated): net current assets of approximately HK\$276,194,000) and 0.27 (31 December 2019 (restated): 1.15) respectively as at 31 December 2020.

As at 31 December 2020, the Group's cash and bank balances amounted to approximately HK\$21,119,000 (31 December 2019: HK\$20,839,000), bank and other borrowings were approximately HK\$717,582,000 (31 December 2019 (restated): HK\$689,023,000).

As of 31 December 2020 and 2019, the Group had no bills payable.

## **OPERATING LEASE AND CAPITAL COMMITMENTS**

As at 31 December 2020 and 2019, according to the disclosure requirements under Hong Kong Accounting Standards, the Group had no operating lease commitments.

## **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

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

The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by a three-tier risk management approach. At the first line of defense, business units are responsible for identifying, assessing and monitoring risks associated with all business or transactions. Management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defense is effective. As the final line of defense, 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 Renminbi ("RMB"), United States dollars ("USD") and Hong Kong dollars ("HK\$"). The Group is exposed to foreign currency risk arising from the monetary assets and liabilities that are denominated in currencies other than functional currencies of the respective group entities. The Group does not have any hedging instruments outstanding. The Group will constantly review the economic situation and its foreign currency risk profile and will consider appropriate hedging measures in the future as may be necessary.

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group did not have any significant contingent liabilities that have not been provided for in the financial statements (as at 31 December 2019: 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 2020, the Group had approximately 483 employees (31 December 2019: approximately 530 employees), with less than 20 employees stationed in Hong Kong and the rest, including senior management and workers, in Mainland China. For the year ended 31 December 2020, the Group's staff costs amounted to approximately HK\$64,152,000, as compared to approximately HK\$54,905,000 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 ahead, as the PRC further implements the "new infrastructure" policy in 2021, domestic industrial production will continue to boom, which will help support coke demand. However, with the proposed environmental policy targets of "Carbon Neutrality" and "Carbon Peaking" of the PRC, the reduction of coke production will remain an emphasis of national policies, it is expected that the country will continue to implement the task of reducing backward production capacity remained in each province. As it takes time for new large-scale advance production capacity to be put into operation in the provinces, it is expected that the supply and demand gap cannot be filled in the short term, and the overall supply of coke still cannot meet the demand. As a result, it is expected that coke prices will remain high, and the increase in coke price will offset the impact of production capacity reduction of GRG Huscoke in the short term.

Facing the strict policy environment in the PRC, GRG Huscoke's 4.3-meter Coking Furnace has been listed in the shutdown list of the government authority, and the schedule of shutdown of the remaining production capacity has not been confirmed. The Group and GRG Huscoke have formulated development plans and various control measures to reduce the impact of the Shutdown Measures on the Group, including (I) plan to build an advanced and specified coking furnace to restart its coke production business; (II) continue to expedite the investment and merger and acquisition plan with Shanxi Jinyan Energy Technology Company Limited\* (山西金岩能源科技有限公司) (“**Energy Technology**”); and (III) to expedite the construction of the project of utilization of coke oven gas (the “**Rich Hydrogen Project**”). In particular, the construction plan of coking furnace will be the focus of our development plan. The Group expects that, during the period from the complete shutdown of the furnaces of GRG Huscoke to the implementation of the development projects (the “**Transitional Period**”), the Group's coke production business and coal-related ancillary business may be temporarily halted, the specific impact on the Group will depend on the actual implementation of the Shutdown Measures and the development plans.

According to the Ministry of Industry and Information Technology of the PRC, the height of top-loading coking furnace must be more than 6.0 metres. The Group plans to construct a new coking furnace, which can meet the national industry standards and environmental protection standards and has advanced technology. It is expected that after the completion of the new coking furnace, the Group's coke production scale can be restored to continue the Group's coke production business. The Group will publish announcement to disclose the above-mentioned project of new coking furnace in timely manner in accordance with the Listing Rules.

Meanwhile, the Group will continue to expedite its investment and acquisition plan for the 5-million-ton coke production project with Energy Technology. The Group is currently making preparatory work for the merger and acquisition and upon completion, the Company will negotiate with Energy Technology on the details of the merger and acquisition proposal. The proposed investment may be carried out through direct investment and/or the establishment of a merger and acquisition funds, the progress of which will be disclosed by the Group in accordance with the Listing Rules.

In addition, the reform of the energy structure advocated by the PRC in the 14th Five-Year Plan and the “coal-to-gas” policy since 2017 have led to a continuous increase in the basic demand for natural gas in the PRC. The Group has established Shanxi Golden Rock Rich Hydrogen Energy Co., Ltd. (山西金岩富氢能源有限公司) to undertake the Rich Hydrogen Project which is planned to first commence production of liquefied natural gas production equipment. After being put into production, it will become another major source of income for the Group.

## **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 Appendix 14 of the Listing Rules throughout the financial year ended 31 December 2020.

### **Code Provision A.2.1**

Code provision A.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 enables 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.

### **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. As disclosed and explained in respective published announcements of the Company regarding the Directors’ appointment, the Company did not have formal letters of appointment for some 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 2020.

## **AUDIT COMMITTEE AND REVIEW OF AUDITED ANNUAL RESULTS**

The audit committee of the Company (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 audited consolidated annual results of the Group for the year ended 31 December 2020.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group’s results for the year ended 31 December 2020 have been agreed by the Company’s independent auditor, Zhonghui Anda CPA Limited, to the amounts set out in the Group’s consolidated financial statements. The work performed by Zhonghui Anda CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Zhonghui Anda CPA Limited on this preliminary results announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

For the year ended 31 December 2020, 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 2020 (2019: Nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Tuesday, 6 September 2022 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 1 September 2022 (Thursday) to 6 September 2022 (Tuesday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 6 September 2022 (Tuesday), 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 (on or after 15 August 2022: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong), not later than 4:30 p.m. on 31 August 2022 (Wednesday).

## EVENTS AFTER THE REPORTING PERIOD

On 26 March 2021, GRG Huscoke (Shanxi) Limited ("**GRG Huscoke**"), an indirect 90% owned subsidiary of the Company, entered into the Cooperation Agreement with Shanxi Jinyan Energy Technology Company Limited and Xiaoyi Jinyan Electricity Coke Chemical Company Limited, a 9% minority shareholder of GRG Huscoke, pursuant to which, GRG Huscoke entrusts Energy Technology for acquisition of interest of two coking furnaces ("**Very Substantial Transaction**").

Details of the Very Substantial Transaction was disclosed in the Company's announcement dated 19 April 2022. The transaction is subject to the shareholders' approval at the special general meeting of the Company. The Very Substantial Transaction has not yet completed.

On 26 July 2022, Rich Key Enterprise Limited ("**Rich Key**"), a direct wholly owned subsidiary of the Company, entered into the Disposal Agreement with the legal representative of GRG Huscoke, pursuant to which, among other matters, Rich Key conditionally agreed to sell and the legal representative of GRG Huscoke conditionally agreed to acquire the entire issued share capital of Joy Wisdom International Limited ("**Disposal Company**"), a wholly-owned subsidiary of the Company, and the entire amount of parent company's loan owed by the Disposal Company to the Company. ("**Very Substantial Disposal**")

As at the date of this announcement, the announcement in relation to the Very Substantial Disposal has been submitted to the Stock Exchange pursuant to the requirements of the Listing Rules and will be issued by the Company as soon as practicable. The transaction is subject to the completion of the Very Substantial Transaction and the shareholders' approval at the special general meeting of the Company. Further announcement(s) will be made by the Company to update the Shareholders and the market in relation to the transactions as and when appropriate and in accordance with the Listing Rules.

## **PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND 2020 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This audited annual 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 2020 will be made available on the websites of the Stock Exchange and the Company, and will be dispatched to the shareholders of the Company together with selected printed copies as corporate communication in due course.

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 (on or after 15 August 2022: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) specifying your name, address and request to change your choice of language or means of receipt of all shareholders documents from now on.

### **APPRECIATION**

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

### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 29 March 2021, and will remain suspended until further notice.

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

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

Hong Kong, 28 July 2022

*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.*