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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 2024

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 2024 (the “**Reporting Period**”) together with the comparative figures for the six months ended 30 September 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		For the six months ended 30 September 2024 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
	<i>Notes</i>		
Revenue	3	34,436	–
Cost of sales		(34,391)	–
Gross profit		45	–
Compensation income	4	9,978	11,270
Other income and gains, net	4	1	273
Administrative expenses		(8,345)	(17,751)
Finance costs	5	(17,653)	(15,560)
Loss before tax	6	(15,974)	(21,768)
Income tax expense	7	–	–
Loss for the period		(15,974)	(21,768)

	For the six months ended 30 September 2024 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	For the six months ended 30 September 2023 (Unaudited) <i>HK\$'000</i>
Other comprehensive income/(expenses)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>26,945</u>	<u>(77,610)</u>
Other comprehensive income/(expenses) for the period, net of tax	<u>26,945</u>	<u>(77,610)</u>
Total comprehensive income/(expenses) for the period	<u><u>10,971</u></u>	<u><u>(99,378)</u></u>
Loss for the period attributable to:		
Owners of the Company	(15,973)	(21,763)
Non-controlling interests	<u>(1)</u>	<u>(5)</u>
	<u><u>(15,974)</u></u>	<u><u>(21,768)</u></u>
Total comprehensive income/(expenses) for the period attributable to:		
Owners of the Company	7,360	(89,053)
Non-controlling interests	<u>3,611</u>	<u>(10,325)</u>
	<u><u>10,971</u></u>	<u><u>(99,378)</u></u>
Losses per share attributable to ordinary equity holders of the Company	9	
Basic		
– For loss for the period	<u><u>(HK5.50 cents)</u></u>	<u><u>(HK7.49 cents)</u></u>
Diluted		
– For loss for the period	<u><u>(HK5.50 cents)</u></u>	<u><u>(HK7.49 cents)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,722,703	1,687,336
Financial assets at fair value through profit or loss		<u>1,508</u>	<u>1,508</u>
Total non-current assets		<u>1,724,211</u>	<u>1,688,844</u>
CURRENT ASSETS			
Trade receivables	12	10,703	1,719
Prepayments, deposits and other receivables		138,528	134,174
Cash and bank balances		<u>704</u>	<u>2,448</u>
Total current assets		<u>149,935</u>	<u>138,341</u>
CURRENT LIABILITIES			
Trade payables	13	5,991	1,715
Other payables, accruals and deposits received	14	131,211	109,017
Other borrowings		218,188	218,188
Lease liabilities		1,582	1,402
Tax payable		<u>148,220</u>	<u>145,110</u>
Total current liabilities		<u>505,192</u>	<u>475,432</u>
NET CURRENT LIABILITIES		<u>(355,257)</u>	<u>(337,091)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,368,954</u>	<u>1,351,753</u>

		As at 30 September 2024 (Unaudited) <i>Notes</i> HK\$'000	As at 31 March 2024 (Audited) <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	<i>14</i>	50,023	47,656
Lease liabilities		567	1,370
Tax payable		222,330	217,664
		<hr/>	<hr/>
Total non-current liabilities		272,920	266,690
		<hr/>	<hr/>
NET ASSETS		1,096,034	1,085,063
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		29,037	29,037
Reserves		894,936	887,576
		<hr/>	<hr/>
		923,973	916,613
		<hr/>	<hr/>
Non-controlling interests		172,061	168,450
		<hr/>	<hr/>
TOTAL EQUITY		1,096,034	1,085,063
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 (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 year ended 31 March 2024 (the “**2023/24 Annual Report**”).

The Group incurred loss attributable to owners of the Company of HK\$15,973,000 for the six months ended 30 September 2024 and had net current liabilities of HK\$355,257,000 as at 30 September 2024. Statutory demands from the major creditor for certain alleged outstanding borrowing and interest were received on 11 December 2023 and 17 June 2024. Also, the Company has received a winding-up petition filed against the Company by the major creditor. 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 2023/24 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.

For details of the winding-up petition, please refer to the Company’s announcements dated 2 August 2024, 8 August 2024 and 16 October 2024.

The Interim Financial Statements are unaudited, but have been reviewed by the audit committee of the Company and were approved for issue on 28 November 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the Interim Financial Statements are consistent with those used in the Group's 2023/24 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 the Reporting Period as detailed in note 3 of the 2023/24 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 2024. 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 the PRC. Accordingly, no further geographical information is presented.

Segment revenue and results

For the six months ended 30 September 2024

	Coke trading (Unaudited) <i>HK\$'000</i>	Coal-related ancillary (Unaudited) <i>HK\$'000</i>	Coke production (Unaudited) <i>HK\$'000</i>	Eliminations (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue					
– external sales	34,436	–	–	–	34,436
Total	<u>34,436</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>34,436</u>
Segment results	<u>45</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>45</u>
Unallocated other income					1
Compensation income					9,978
Corporate administrative expenses					(8,345)
Unallocated finance costs					<u>(17,653)</u>
Loss before tax					(15,974)
Income tax expense					<u>–</u>
Loss for the period					<u><u>(15,974)</u></u>

As at 30 September 2024

	Coke trading (Unaudited) <i>HK\$'000</i>	Coal-related ancillary (Unaudited) <i>HK\$'000</i>	Coke production (Unaudited) <i>HK\$'000</i>	Corporate and unallocated (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment assets	<u>10,703</u>	<u>-</u>	<u>1,720,694</u>	<u>142,749</u>	<u>1,874,146</u>
Segment liabilities	<u>10,647</u>	<u>-</u>	<u>-</u>	<u>767,465</u>	<u>778,112</u>

For the six months ended 30 September 2023

	Coke trading (Unaudited) <i>HK\$'000</i>	Coal-related ancillary (Unaudited) <i>HK\$'000</i>	Coke production (Unaudited) <i>HK\$'000</i>	Eliminations (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue					
– external sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment results	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unallocated other income					273
Compensation income					11,270
Corporate administrative expenses					(17,751)
Unallocated finance costs					<u>(15,560)</u>
Loss before tax					(21,768)
Income tax expense					<u>-</u>
Loss for the period					<u>(21,768)</u>

As at 31 March 2024

	Coke trading (Audited) <i>HK\$'000</i>	Coal-related ancillary (Audited) <i>HK\$'000</i>	Coke production (Audited) <i>HK\$'000</i>	Corporate and unallocated (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
Segment assets	-	-	1,684,584	142,601	1,827,185
Segment liabilities	-	-	-	742,122	742,122

4. COMPENSATION INCOME, OTHER INCOME AND GAINS, NET

	For the six months ended 30 September 2024 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 September 2023 (Unaudited) <i>HK\$'000</i>
Compensation income (Note a)	<u>9,978</u>	<u>11,270</u>
Other income and gains, net		
Bank interest income	1	1
Gain on disposal of property, plant and equipment	-	270
Sundry income	-	2
	<u>1</u>	<u>273</u>

Note:

- (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. Upon the completion of the acquisition of a new subsidiary, Shanxi Jinyan Energy Jiarun Co., Ltd* (山西金岩能源嘉潤有限責任公司) (“**Energy Jiarun**”), on 18 January 2023, Energy Technology became a non-controlling shareholder of a subsidiary of the Group and remained so as at 30 September 2024 and 31 March 2024.

* *For identification purpose only*

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 September 2024 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
Interest expenses on other borrowings	16,264	14,176
Interest expenses on lease liabilities	67	53
Imputed interest expenses on amount due to a former subsidiary	<u>1,322</u>	<u>1,331</u>
	<u>17,653</u>	<u>15,560</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 September 2024 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
Depreciation		
– Owned	9	50
– Right-of-use assets	739	1,443
Employee benefit expense (including directors' remuneration):		
– Wages and salaries	3,953	4,538
– Pension scheme contributions	<u>78</u>	<u>111</u>
Total employee benefit expenses	<u>4,031</u>	<u>4,649</u>

7. INCOME TAX EXPENSE

	For the six months ended 30 September 2024 (Unaudited) HK\$'000	For the six months ended 30 September 2023 (Unaudited) HK\$'000
Current – Hong Kong	–	–
Current – PRC	–	–
	–	–
Deferred tax expenses for the period	–	–
	–	–
	<u>–</u>	<u>–</u>

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2024 and 2023 as there was 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 2024 (2023: Nil).

9. LOSSES PER SHARE

(a) Basic

Basic losses per share is calculated by dividing the loss 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 2024 (Unaudited)	For the six months ended 30 September 2023 (Unaudited)
Loss attributable to equity holders of the Company <i>(HK\$'000)</i>	<u>(15,973)</u>	<u>(21,763)</u>
Weighted average number of ordinary shares in issue	<u>290,373,235</u>	<u>290,373,235</u>
Basic loss per share	<u><u>(HK5.50 cents)</u></u>	<u><u>(HK7.49 cents)</u></u>

(b) Diluted

No diluted losses per share has been presented as the Company did not have any dilutive potential ordinary shares for the six months ended 30 September 2024 and six months ended 30 September 2023.

10. PROPERTY, PLANT AND EQUIPMENT

	Other properties leased for own use carried at cost <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST							
At 1 April 2024	2,959	1,653	63	410	3,095	1,684,584	1,692,764
Addition	–	–	5	–	–	–	5
Exchange alignment	–	–	–	–	–	36,110	36,110
At 30 September 2024	2,959	1,653	68	410	3,095	1,720,694	1,728,879
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2024	247	1,653	25	408	3,095	–	5,428
Depreciation charge	739	–	7	2	–	–	748
At 30 September 2024	986	1,653	32	410	3,095	–	6,176
CARRYING AMOUNTS							
At 30 September 2024 (Unaudited)	<u>1,973</u>	<u>–</u>	<u>36</u>	<u>–</u>	<u>–</u>	<u>1,720,694</u>	<u>1,722,703</u>
At 31 March 2024 (Audited)	<u>2,712</u>	<u>–</u>	<u>38</u>	<u>2</u>	<u>–</u>	<u>1,684,584</u>	<u>1,687,336</u>

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

	At 30 September 2024 (Unaudited) <i>HK\$'000</i>	At 31 March 2024 (Audited) <i>HK\$'000</i>
Trade receivables (Note a) (Note 12)	–	744
Trade deposits and other receivable from Energy Technology	<u>136,672</u>	<u>132,082</u>
	136,672	132,826
Less: Current portion	<u>(136,672)</u>	<u>(132,826)</u>
Non-Current portion	<u>–</u>	<u>–</u>

Note:

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

12. TRADE RECEIVABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Trade receivables:		
— third parties	10,703	975
— non-controlling shareholder of a subsidiary (<i>Note 11</i>)	—	744
	<u>10,703</u>	<u>1,719</u>
Less: Loss allowance	—	—
	<u>10,703</u>	<u>1,719</u>
Less: Current portion	<u>(10,703)</u>	<u>(1,719)</u>
Non-current portion	<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/year is as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Within 3 months	<u>10,703</u>	<u>1,719</u>

13. TRADE PAYABLES

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

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Within 3 months	<u>5,991</u>	<u>1,715</u>

14. OTHER PAYABLES, ACCRUALS AND DEPOSIT RECEIVED

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Other payables and accrued charges	29,017	23,347
Interest payable	91,385	75,203
Amount due to a former subsidiary	60,832	58,123
	181,234	156,673
Less: Current portion	(131,211)	(109,017)
Non-current portion	50,023	47,656

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Company has implemented part of its processing trade arrangement and intends to continue with this business. However, the sluggish macro-economy in China has led to a significant insufficient demand for real estate and infrastructure during the Reporting Period, which resulted in the continued weak demand for steel and relatively weak coke price, compressing the profit margins. Consequently, the business's profitability has yet to be realized.

Despite the fact that Shanxi Jinyan Energy Technology Company Limited* (山西金岩能源科技有限公司), the third party of the project, has repeatedly assured the Company that it has basically implemented its financing plan, no formal contract was entered into during the Reporting Period in respect of the financing plan. Therefore, the Company's Coking Furnace Assets have yet to be put into production, hindered by the slow construction progress of public auxiliary facilities.

The Company, on the one hand, has made every effort to urge Energy Technology to catch up with the construction progress and fulfill its guaranteed construction commitments; on the other hand, it is maintaining its customers and business by carrying out processing trade business. Meanwhile, the Company is also actively exploring other businesses related to its core operations, any further progress will be disclosed to the market in due course.

During the Reporting Period, the carrying value of the Company's Coking Furnace Assets denominated in RMB increased due to the increase in the exchange rate of RMB against Hong Kong dollar, and is expected to more accurately reflect the level of the Company's assets after the commencement of production.

PROSPECTS

In late September, the Chinese government began to intensify its policy efforts by introducing a series of economic development policies including real estate and infrastructure. The Company is of the view that these policies will greatly promote the stabilization and recovery of bulk commodities such as steel, with the fundamentals continuing to improve. As a result, the Company anticipates that the coke market will regain momentum with the recovery in demand, bringing fresh impetus to the industry.

Looking ahead, the Company believes that the continuous policy efforts and determination to revive the economy from the Chinese government will contribute to the Company's business positively. The Company will take advantage of the window period when the market hits bottom and rebounds, promptly accelerating the operation of the main asset, continuously enhancing our processing trade business, and vigorously pursuing new profit growth opportunities under the macro environment to create greater benefits for shareholders.

FINANCIAL REVIEW

Consolidated Operating Results

Revenue

For the Reporting Period, the Group has recorded total revenue of approximately HK\$34,436,000 (2023: Nil). The revenue was mainly derived from coke processing and trading business.

Gross profit and gross profit margin

For the Reporting Period, the Group has recorded gross profit of approximately HK\$45,000 (2023: as the Group has not generated revenue and related cost of sales, it has not recorded gross profit).

The overall gross profit margin was 0.1% for the Reporting Period.

Operating Results of Segments

The Group is principally engaged in three business segments, namely: (i) trading of coke and coal (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, revenue from the Coke Trading Segment amounted to approximately HK\$34,436,000, and the Group's segment results of coke trading was approximately HK\$45,000. The Group has not generated revenue and has no segment result from the Coke Trading Segment for the corresponding period last year (the “**Previous Period**”).

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.

The Group has not generated revenue from Coke-related Ancillary Segment and has no segment results from Coke-related Ancillary Segment, for two consecutive reporting periods, which was mainly resulted from the suspension of the Coal-related Ancillary business since 2021.

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 (Shanxi) Limited* (山西金岩和嘉能源有限公司) 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 generated from Coke Production Segment for the Reporting Period.

* For identification purpose only

Administrative Expenses

The Group's administrative expenses were approximately HK\$8,345,000 (Previous Period: HK\$17,751,000) during the Reporting Period. The decrease in such expenses was attributed to the absence of exchange losses and a reduction in professional fees during the Reporting Period.

Finance Costs

For the Reporting Period, the finance costs of the Group were approximately HK\$17,653,000 (Previous Period: HK\$15,560,000). The increase was mainly due to the compounding of interest charges.

Loss for the Period

For the Reporting Period, the Group has recorded a loss for the period of approximately HK\$15,974,000 (Previous Period: HK\$21,768,000). The decrease in loss for the period was mainly due to the decrease in administrative expenses.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal of the Group for the six months ended 30 September 2024.

SIGNIFICANT INVESTMENTS

The Group had no significant investment with a value of more than 5% of the total assets of the Group as at 30 September 2024.

CHARGES OVER ASSETS

The Group had no pledged assets, including pledged deposit, as at 30 September 2024 (31 March 2024: 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 year ended 31 March 2024.

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 from time to time 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 2024 was 45% (31 March 2024: 45%).

As at 30 September 2024, the equity attributable to owners of the Company amounted to approximately HK\$923,973,000 (31 March 2024: HK\$916,613,000). The net assets per share was approximately HK\$3.77 per share as at 30 September 2024 (31 March 2024: HK\$3.74 per share).

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were approximately HK\$355,257,000 (31 March 2024: HK\$337,091,000) and 0.30 (31 March 2024: 0.29), respectively as at 30 September 2024.

As at 30 September 2024, the Group's cash and bank balances amounted to approximately HK\$704,000 (31 March 2024: HK\$2,448,000). The other borrowings were approximately HK\$218,188,000 (31 March 2024: HK\$218,188,000).

As of 30 September 2024 and 31 March 2024, 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. 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. 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 regularly monitors 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 ongoingly review the economic situation and its foreign currency risk profile, and will consider adopting appropriate hedging measures in the future as may be necessary.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities which have not been provided in the financial statements (31 March 2024: 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\$4,031,000, as compared to approximately HK\$4,649,000 for the Previous Period. As at 30 September 2024, the Group had 15 employees with 14 employees stationed in Hong Kong, as compared to 15 employees as at 31 March 2024. 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 (including sale of treasury shares (as defined under the Listing Rules)).

The Company did not have any treasury shares as at 30 September 2024.

EVENTS AFTER THE REPORTING PERIOD

Adjournment of winding-up petition hearing – Cinda

With reference to the Company's announcement dated 16 October 2024, a winding-up petition (the "**Petition**") filed by the major creditor (the "**Petitioner**") was scheduled for hearing before the High Court of Hong Kong on the same date. However, at the request of the Petitioner during the hearing, the High Court ordered that the hearing be adjourned to 11 December 2024.

The Company is currently in amicable negotiations with the Petitioner in relation to the settlement of the Petition and has reached a preliminary consensus on a settlement proposal with the Petitioner. Further announcement(s) will be made by the Company if there is any major development regarding the Petition.

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 C1 to the Listing Rules for the Reporting Period.

Code Provision C.1.6

Code Provision C.1.6 of the CG Code stipulates independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. During the Reporting Period, one general meeting of the Company was held. Mr. Jiang Jiansheng, a non-executive Director, was absent from the annual general meeting held on 30 September 2024 due to his other prior work commitments.

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 C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company (the “**Model Code**”).

Having made specific inquiry 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 2024/25 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 2024/25 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 2024/25 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.

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

Hong Kong, 28 November 2024

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 and Mr. Jiang Jiansheng as non-executive Directors; Mr. Lam Hoy Lee, Laurie, Mr. To Wing Tim, Paddy and Dr. Wang Wei Hsin as independent non-executive Directors.