HUSCOKE RESOURCES HOLDINGS LIMITED
和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 704)
Website: http://www.huscoke.com

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

FINANCIAL SUMMARY

- Revenue from the continuing operations for the year ended 31st December, 2008 amounted to approximately HK$1,235 million (2007: HK$262 million), representing an increase of approximately 371% as compared with preceding year.

- An impairment loss on goodwill amounting to HK$1,870 million (2007: nil) was recorded. This impairment loss is non-operating in nature and will not affect the cashflow positions of the Group and the Company's total reserves available for distribution to shareholders.

- Net loss for the year ended 31st December, 2008 amounted to approximately HK$1,853 million (2007: HK$42 million). Excluding the impairment loss on goodwill, the Company recorded an operating profits amounting to HK$17 million (2007: operating loss amounting HK$42 million).

- The Board of Directors does not recommend the payment of a final dividend for the year ended 31st December, 2008 (2007: nil).

The board of directors (the "Board") of Huscoke Resources Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December, 2008 with comparative figures for the corresponding year of 2007 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Continuing operations			
Revenue	*4*	**1,235,088**	262,387
Cost of sales			
— Others		**(1,074,887)**	(231,107)
— Amortisation of other intangible asset		**(27,194)**	—
		(1,102,081)	(231,107)
Gross profit		**133,007**	31,280
Other income	*5*	**7,153**	22,741
Selling and distribution costs		**(7,503)**	(7,828)
Administrative expenses		**(56,587)**	(35,408)
Gain on fair value change of investments held for trading		**396**	2,454
Loss on disposal/liquidation of subsidiaries		**—**	(3,573)
Loss on fair value change of investment properties		**(13,575)**	—
Finance costs	*6*	**(13,278)**	(2,561)
Profit before taxation and impairment loss on goodwill		**49,613**	7,105
Impairment loss on goodwill		**(1,870,383)**	—
(Loss) profit before taxation		**(1,820,770)**	7,105
Taxation	*7*	**(16,139)**	(1,585)
(Loss) profit for the year from continuing operations		**(1,836,909)**	5,520
Discontinued operation			
Loss for the year from discontinued operation	*8*	**(15,879)**	(47,689)
Loss for the year	*9*	**(1,852,788)**	(42,169)
Attributable to:			
Equity holders of the Company		**(1,858,198)**	(42,169)
Minority interests		**5,410**	—
		(1,852,788)	(42,169)
Basic (loss) earnings per share	*10*		
From continuing and discontinued operations		**(HK69.94 cents)**	(HK8.82 cents)
From continuing operations		**(HK69.34 cents)**	HK1.15 cents

CONSOLIDATED BALANCE SHEET

At 31st December, 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**532,618**	64,968
Prepaid lease payments		**80,115**	7,919
Investment properties		**26,658**	—
Goodwill		**399,262**	—
Other intangible asset		**842,998**	—
Available-for-sale investments		**3,448**	880
Retirement benefit scheme's assets		**3,825**	4,077
		1,888,924	77,844
Current assets			
Inventories		**68,867**	44,482
Debtors, bills receivable and prepayments	*11*	**565,921**	70,449
Amount due from a minority shareholder of a subsidiary		**186,887**	—
Prepaid lease payments		**730**	222
Investments held for trading		**3,243**	—
Short term bank deposits		**13,569**	63,688
Short term pledged bank deposit		**936**	2,910
Bank balances and cash		**54,451**	21,402
		894,604	203,153
Current liabilities			
Creditors, bills payable and accrued charges	*12*	**248,770**	65,493
Amount due to a minority shareholder of a subsidiary		**18,955**	—
Amount due to a director		**12,000**	—
Promissory notes		**96,032**	—
Tax payable		**56,663**	118
Bank borrowings — due within one year		**397,460**	36,322
		829,880	101,933
Net current assets		**64,724**	101,220
Total assets less current liabilities		**1,953,648**	179,064
Capital and reserves			
Share capital		**181,293**	47,793
Reserves		**1,520,072**	128,969
Equity attributable to equity holders of the Company		**1,701,365**	176,762
Minority interests		**58,878**	—
Total equity		**1,760,243**	176,762
Non-current liabilities			
Deferred taxation		**143,887**	2,302
Bank borrowings		**49,518**	—
		193,405	2,302
		1,953,648	179,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2008

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business is Room 4205, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in trading of coke, coal-related ancillary business and the design and sale of a diversified range of consumer home products.

2. CHANGE OF COMPANY'S NAME

Pursuant to a special resolution passed by the shareholders at a special general meeting of the Company held on 23rd July, 2008, the name of the Company was changed from Frankie Dominion International Limited to Huscoke Resources Holdings Limited, and 和嘉資源控股有限公司 has been adopted by the Company as its secondary name. The change of name took effect on 7th August, 2008.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) — INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) — INT 12	Service concession arrangements
HK(IFRIC) — INT 14	HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these New HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of financial statements[2]
HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and separate financial statements[3]

HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[2]
HKFRS 3 (Revised)	Business combinations[3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[2]
HKFRS 8	Operating segments[2]
HK(IFRIC) — INT 9 & HKAS 39 (Amendments)	Embedded derivatives[4]
HK(IFRIC) — INT 13	Customer loyalty programmes[5]
HK(IFRIC) — INT 15	Agreements for the construction of real estate[2]
HK(IFRIC) — INT 16	Hedges of a net investment in a foreign operation[6]
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners[3]
HK(IFRIC) — INT 18	Transfers of assets from customers[7]

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.
2 Effective for annual periods beginning on or after 1st January, 2009.
3 Effective for annual periods beginning on or after 1st July, 2009.
4 Effective for annual periods ending on or after 30th June, 2009.
5 Effective for annual periods beginning on or after 1st July, 2008.
6 Effective for annual periods beginning on or after 1st October, 2008.
7 Effective for transfers on or after 1st July, 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. HKAS 23 (Revised) will affect the accounting treatment for borrowing costs, which eliminates the option to expense borrowing costs in relation to acquisition of qualifying assets when incurred. The Group has commenced considering the potential impact of HKAS 23 (Revised) but is not yet in a position to determine whether HKAS 23 (Revised) would have a significant impact on how its results of operations and financial positions are prepared and presented. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. REVENUE, BUSINESS AND GEOGRAPHICAL SEGMENTS

Revenue

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Sale of goods		
— coke	**676,286**	—
— coal	**207,432**	—
— household products	**340,587**	262,387
Revenue from sales of electricity and heat	**9,992**	—
Rental income from investment properties	**791**	—
	1,235,088	262,387
Discontinued operation		
Sale of goods — other consumer products	**135,990**	378,248
	1,371,078	640,635

Business segments

For management purposes, the Group is currently organised into five operating divisions — (i) trading — coke; (ii) coal-related ancillary business; (iii) trading — others; (iv) manufacturing — household products; and (v) property investment. These divisions are the basis on which the Group reports its primary segment information. On 16th May, 2008 and 31st October, 2008, three new operating divisions, trading — coke, coal-related ancillary business and property investment, were acquired respectively. On 31st October, 2008, the Group completed the discontinuation of an operating division, manufacturing — others, which engaged in manufacturing and sale of other consumer products.

Principal activities are as follows:

Trading — coke	—	purchases and sales of coke
Coal-related ancillary business	—	washing of raw coal into refined coal for sales and sales of electricity and heat (generated as the by-products after washing of raw coal)
Trading — others	—	resale of household products
Manufacturing — household products	—	manufacturing and sales of household products
Property investment	—	holding of investment properties

Inter-segment sales are charged at prices mutually agreed among the group entities.

Segment information about these businesses is presented below.

Income statement for the year ended 31st December, 2008

	Continuing operations						Discontinued operation		
	Trading — coke	Coal – related ancillary business	Trading — others	Manufacturing — household products	Property investment	Total	Manufacturing — others	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE									
External sales	676,286	217,424	298,428	42,159	791	1,235,088	135,990	—	1,371,078
Inter-segment sales	—	—	—	—	—	—	53,193	(53,193)	—
Total	676,286	217,424	298,428	42,159	791	1,235,088	189,183	(53,193)	1,371,078
RESULTS									
Segment results before amortisation of other intangible asset and impairment loss on goodwill	39,726	71,265	20,094	4,225	(13,042)	122,268	(25,350)		96,918
Amortisation of other intangible asset	(27,194)	—	—	—	—	(27,194)	—		(27,194)
Impairment loss on goodwill	(1,074,495)	(795,888)	—	—	—	(1,870,383)	—		(1,870,383)
Segment results	(1,061,963)	(724,623)	20,094	4,225	(13,042)	(1,775,309)	(25,350)		(1,800,659)
Unallocated income						4,051	11		4,062
Unallocated expenses						(36,630)	—		(36,630)
Gain on fair value change of investments held for trading						396	—		396
Gain on disposal of subsidiaries							8,375		8,375
Finance costs						(13,278)	(66)		(13,344)
Loss before taxation						(1,820,770)	(17,030)		(1,837,800)
Taxation						(16,139)	1,151		(14,988)
Loss for the year						(1,836,909)	(15,879)		(1,852,788)

Assets and liabilities as at 31st December, 2008

	Continuing operations					
	Trading — coke	Coal – related ancillary business	Trading — others	Manufacturing — household products	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS						
Segment assets	1,320,428	1,132,054	65,734	53,424	26,742	2,598,382
Unallocated corporate assets						185,146
Consolidated total assets						2,783,528
LIABILITIES						
Segment liabilities	98,119	126,210	28,169	10,844	314	263,656
Unallocated corporate liabilities						759,629
Consolidated total liabilities						1,023,285

Other information for the year ended 31st December, 2008

	Continuing operations							Discontinued operation	
	Trading — coke	Coal — related ancillary business	Trading — others	Manufacturing — household products	Property investment	Unallocated	Total	Manufacturing — others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	129	1,583	64	—	—	—	1,776	12	1,788
Amortisation of other intangible asset	27,194	—	—	—	—	—	27,194	—	27,194
Depreciation of property, plant and equipment	248	7,354	1,454	938	—	128	10,122	7,454	17,576
Release of prepaid lease payments	—	—	—	219	—	320	539	3	542
Loss on disposal of property, plant and equipment	—	—	55	—	—	—	55	192	247
Loss on fair value change of investment properties	—	—	—	—	13,575	—	13,575	—	13,575
Allowances for bad and doubtful debts	—	—	2,600	—	—	—	2,600	—	2,600

Income statement for the year ended 31st December, 2007

	Continuing operations			Discontinued operation		
	Trading – others	Manufacturing – household products	Total	Manufacturing – others	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External sales	165,769	96,618	262,387	378,248	—	640,635
Inter-segment sales	—	—	—	103,007	(103,007)	—
Total	165,769	96,618	262,387	481,255	(103,007)	640,635
RESULTS						
Segment results	9,518	21,341	30,859	(48,209)		(17,350)
Unallocated income			11,747	426		12,173
Unallocated expenses			(31,821)			(31,821)
Gain on fair value change of investments held for trading			2,454			2,454
Loss on disposal/liquidation of subsidiaries			(3,573)			(3,573)
Finance costs			(2,561)	(1,808)		(4,369)
Profit (loss) before taxation			7,105	(49,591)		(42,486)
Taxation			(1,585)	1,902		317
Profit (loss) for the year			5,520	(47,689)		(42,169)

Assets and liabilities as at 31st December, 2007

	Continuing operations			Discontinued operation	
	Trading – others	Manufacturing – household products	Total	Manufacturing – others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	45,432	41,386	86,818	99,311	186,129
Unallocated corporate assets					94,868
Consolidated total assets					280,997
LIABILITIES					
Segment liabilities	9,638	9,183	18,821	42,349	61,170
Unallocated corporate liabilities					43,065
Consolidated total liabilities					104,235

Other information for the year ended 31st December, 2007

	Continuing operations				Discontinued operation	
	Trading – others	Manufacturing – household products	Unallocated	Total	Manufacturing – others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	1,373	112	—	1,485	7,618	9,103
Depreciation of property, plant and equipment	1,731	1,638	—	3,369	12,444	15,813
Release of prepaid lease payments	108	110	—	218	4	222
Gain (loss) on disposal of property, plant and equipment	—	10,994	(60)	10,934	7,815	18,749
Impairment loss on property, plant and equipment	—	—	—	—	22,000	22,000

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market based on geographical location of customers, irrespective of the origin of the goods.

	Year ended 31.12.2008 HK$'000	Year ended 31.12.2007 HK$'000
Geographical market		
North America	**801,738**	220,249
Holland	**103,354**	186,111
United Kingdom	**89,876**	93,506
Germany	**35,421**	43,402
Hong Kong	**6,543**	21,713
Belgium	**68,158**	1,421
Other European countries	**12,329**	33,675
Australia	**9,721**	17,220
France	**2,296**	5,026
PRC	**222,270**	10,355
Others	**19,372**	7,957
	1,371,078	640,635

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	At 31.12.2008 ***HK$'000***	At 31.12.2007 *HK$'000*	**Year ended 31.12.2008** ***HK$'000***	Year ended 31.12.2007 *HK$'000*
Hong Kong	**1,436,267**	140,350	**193**	1,573
PRC	**1,162,115**	45,779	**1,595**	7,530
	2,598,382	186,129	**1,788**	9,103

5. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Commission income	—	4,364
Interest income on bank deposits	**1,196**	2,276
Interest income on overdue trade debtors	**1,050**	896
Amount received from insurance claim on damaged inventories	**587**	—
Gain on disposal of property, plant and equipment	—	10,934
Excess of scheme assets over defined benefit scheme obligations	—	4,077
Subsidies from PRC government authorities *(note)*	**2,841**	—
Sundry income	**1,479**	194
	7,153	22,741
Discontinued operation		
Interest income on bank deposits	**11**	426
Gain on disposal of property, plant and equipment	—	7,815
Sundry income	**128**	38
	139	8,279

Note: During the year ended 31st December, 2008, 山西金岩和嘉能源有限公司, a subsidiary of the Company, received an one-off subsidy of approximately HK$6,818,000 (RMB6,000,000) from the government authority as a subsidy for the increase in cost of heat generation in respect of sales of heat for the period from November 2008 to March 2009. The subsidy is recognised in the consolidated financial statements on a straight line basis over the subsidy period.

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings		
— wholly repayable within five years	**9,514**	2,561
— not wholly repayable within five years	**921**	—
Imputed interest expenses on promissory notes	**2,843**	—
	13,278	2,561
Discontinued operation		
Interest on bank borrowings wholly repayable within five years	**66**	1,808

7. TAXATION

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Current taxation		
Hong Kong Profits Tax	**6,671**	2,067
PRC Enterprise Income Tax	**17,273**	—
	23,944	2,067
Overprovision of Hong Kong Profits Tax in prior years	**(819)**	—
	23,125	2,067
Deferred taxation		
Current year	**(6,920)**	(482)
Attributable to a change in tax rate	**(66)**	—
	(6,986)	(482)
	16,139	1,585
Discontinued operation		
Deferred taxation		
Current year	**(1,085)**	(1,902)
Attributable to a change in tax rate	**(66)**	—
	(1,151)	(1,902)

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The deferred tax balance has been adjusted to reflect the tax rate that is expected to apply to the respective periods when the asset is realised or the liability is settled.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1st January, 2008 onwards. Therefore, the PRC Enterprise Income Tax is calculated at a tax rate of 25% (2007: 33%), which is the prevailing tax rate in the PRC.

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit before taxation		
Continuing operations	**(1,820,770)**	7,105
Discontinued operation	**(17,030)**	(49,591)
	(1,837,800)	(42,486)
Taxation at the Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	**(303,237)**	(7,435)
Tax effect of expenses not deductible for tax purpose	**310,721**	6,296
Tax effect of income not taxable for tax purpose	**(2,326)**	(3,438)
Overprovision in prior years	**(819)**	—
Tax effect of utilisation of tax losses previously not recognised	**—**	(141)
Tax effect of tax losses not recognised	**4,908**	4,401
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate	**(132)**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**5,873**	—
Taxation for the year	**14,988**	(317)

8. DISCONTINUED OPERATION

On 25th August, 2008, the Group entered into a sale agreement to dispose of a subsidiary, Big Field (B.V.I.) Limited and its subsidiary (collectively known as "Bigfield Group") which carried out all of the Group's operations related to manufacturing and sale of other consumer products. The disposal was effected in order to redeploy its resources in a more productive manner with the Group. The disposal resulted in a gain on disposal of HK$8,375,000 and was completed on 31st October, 2008, on which date control of Bigfield Group was passed to the acquirer.

The loss for the year from the discontinued operation is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Loss of manufacturing and sale of other consumer products operation for the year	**(24,254)**	(47,689)
Gain on disposal of manufacturing and sale of other consumer products operation	**8,375**	—
	(15,879)	(47,689)

The results for the period from 1st January, 2008 to 31st October, 2008, which have been included in the consolidated income statement, were as follows:

	Ten months ended 31.10.2008 *HK$'000*	Year ended 31.12.2007 *HK$'000*
Revenue *(note 4)*	**135,990**	378,248
Cost of sales	**(154,850)**	(384,802)
Other income *(note 5)*	**139**	8,279
Selling and distribution costs	**—**	(10,441)
Administrative expenses	**(6,618)**	(17,067)
Impairment loss on property, plant and equipment	**—**	(22,000)
Finance costs *(note 6)*	**(66)**	(1,808)
Loss before taxation	**(25,405)**	(49,591)
Taxation credit *(note 7)*	**1,151**	1,902
Loss for the period/year	**(24,254)**	(47,689)

During the year, Bigfield Group used HK$33,681,000 in (2007: contributed HK$11,405,000 to) the Group's net operating cash flows, contributed HK$5,224,000 (2007: HK$13,708,000) in respect of investing activities and paid HK$4,438,000 (2007: HK$21,453,000) in respect of financing activities.

9. LOSS FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the year has been arrived at after charging (crediting):						
Allowance for bad and doubtful debts	**2,600**	—	**—**	—	**2,600**	—
Auditor's remuneration	**1,396**	781	**278**	400	**1,674**	1,181
Cost of inventories recognised as an expense	**1,074,887**	231,107	**154,850**	384,802	**1,229,737**	615,909
Depreciation of property, plant and equipment	**10,122**	3,369	**7,454**	12,444	**17,576**	15,813
Release of prepaid lease payments	**539**	218	**3**	4	**542**	222
Loss (gain) on disposal of property, plant and equipment	**55**	(10,934)	**192**	(7,815)	**247**	(18,749)
Loss on early redemption of promissory notes	**2,713**	—	**—**	—	**2,713**	—
Gross rental income from investment properties	**(791)**	—	**—**	—	**(791)**	—
Less: direct operating expenses from investment properties that generated rental income during the year	**258**	—	**—**	—	**258**	—
Net foreign exchange loss (gain)	**418**	917	**(89)**	2,574	**329**	3,491
Operating lease payments in respect of rented properties	**891**	133	**7,934**	13,228	**8,825**	13,361
Staff costs:						
Directors' remuneration	**9,435**	6,149	**—**	1,010	**9,435**	7,159
Other staff salaries and allowances and benefits	**18,064**	18,748	**36,980**	81,498	**55,044**	100,246
Other staff retirement benefits scheme contributions	**510**	469	**151**	3,024	**661**	3,493
	28,009	25,366	**37,131**	85,532	**65,140**	110,898
Loss (gain) on fair value change of retirement benefit scheme's assets	**252**	(4,077)	**—**	—	**252**	(4,077)

10. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic loss per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(1,858,198)**	(42,169)

	Number of shares	
	2008	2007
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**2,656,888**	477,926

From continuing operations

The calculation of the basic (loss) earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company	**(1,858,198)**	(42,169)
Less: Loss for the year from discontinued operation	**15,879**	47,689
(Loss) profit for the purpose of basic earnings per share from continuing operations	**(1,842,319)**	5,520

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

From discontinued operation

The calculation of the basic loss per share from discontinued operation attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year from discontinued operation	**(15,879)**	(47,689)
Loss per share from discontinued operation attributable to equity holders of the Company	**(HK0.60 cents)**	(HK9.98 cents)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

Under the conditions of the convertible bonds granted in 2008, all the convertible bonds shall be converted automatically into new share of the Company at date of maturity. Shares that are issuable solely after the passage of time are not contingently issuable shares and are included in the calculation of basic (loss) earnings per share.

Diluted (loss) earnings per share for both years are not shown as there are no potential ordinary shares subsist during both of the years presented.

11. DEBTORS, BILLS RECEIVABLE AND PREPAYMENTS

	2008	2007
	HK$'000	*HK$'000*
Trade debtors and bills receivable	**76,015**	66,499
Less: Allowances for bad and doubtful debts	**(2,600)**	—
	73,415	66,499
Other debtors and prepayments	**3,108**	3,950
Advance payments to a minority shareholder of a subsidiary for purchases	**465,000**	—
Advance payments to suppliers	**24,377**	—
Amounts due from related companies	**21**	—
	565,921	70,449

The following is an aged analysis of trade debtors and bills receivable net of allowance for doubtful debts at the reporting date:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	**51,740**	51,635
61-90 days	**4,857**	7,099
> 90 days	**16,818**	7,765
	73,415	66,499

12. CREDITORS, BILLS PAYABLE AND ACCRUED CHARGES

	2008	2007
	HK$'000	*HK$'000*
Trade creditors	**114,417**	47,852
Bills payable	**1,141**	3,092
Other creditors and accrued charges	**55,231**	14,549
Advance received from a customer	**77,500**	—
Amount due to a related company	**481**	—
	248,770	65,493

The following is an aged analysis of trade creditors and bills payable as at the reporting date:

	2008 *HK$'000*	2007 *HK$'000*
0-60 days	**75,622**	39,163
61-90 days	**5,222**	8,889
> 90 days	**34,714**	2,892
	115,558	50,944

BUSINESS REVIEW

The Group's turnover for continuing operations for the year ended 31st December, 2008 has been sharply increased by 370.71% to approximately HK$1,235.09 million compared to that of 2007 of approximately HK$262.39 million. The substantial increase in turnover was contributed by the new development of the coal related businesses acquired during the year. In 2008, the Group has completed the acquisitions of two businesses i.e. the coal trading and coal-related ancillary businesses on 16th May, 2008 and 31st October, 2008 respectively. These two new businesses contributed the Group's revenue by HK$676.29 million and HK$217.42 million respectively. In 2008, the Group has engaged in the following five segments and their performances can be summarized as follows:

Trading — coke (newly acquired business)

The Group completed the acquisition of this new business on 16th May, 2008, which relates to the trading of PRC's coke to overseas customers. From 16th May, 2008 to 31st December, 2008, this segment contributed additional revenue of HK$676.29 million to the Group. Excluding the amortisation of other intangible asset and impairment loss on goodwill amounting to HK$27.19 million and HK$1,074.50 million respectively, net profit for this segment was around HK$39.73 million for the period. The Group has an exclusive right to export coke from the minority shareholder of a subsidiary to overseas' customers. In 2008, this supplier controls around 4.2% PRC export quotas for coke.

Trading — others

This segment mainly related to the trading of variety range of household products. Turnover of this segment for the year increased greatly by 80.03% to approximately HK$298.43 million representing around 24.16% of the Group's revenue for continuing operations. The amount of segment profits for the year has been increased by 111.12% to nearly HK$20.09 million. Such increase was mainly due to the reallocation of resources from the manufacturing sections to the trading section as the management believes that in economic downturn, trading business contributes more stable income than the manufacturing section.

Manufacturing of household products

This division mainly engaged in the manufacturing and sale of PVC bag, cushion, shower and window curtain, oven mitten and other household products. The division recorded a revenue of approximately HK$42.16 million for the year, representing 56.37% decrease compared to last year's figures. Segment profit of this division was decreased by 80.20% to approximately HK$4.23 million.

Coal related ancillary businesses (newly acquired business)

To further expand and diversify the Group's business, the Group has completed the acquisition of the coal-related ancillary business on 31st October, 2008. This business related to the business of coal washing, using the by-products in the washing process for electricity and heat generation and a transportation team. After the completion of this acquisition, coal prices have been greatly reduced due to the outbreak of the economic tsunami in late 2008 which has improved the profits margin for this segment. The new division contributed a turnover of HK$217.42 million and excluding an impairment loss on goodwill amounting to HK$795.89 million, an operating net profit amounting HK$71.27 million was recorded.

Manufacturing of others (discontinued operation)

This division engaged in the manufacturing and sales of wooden and paper products and has recorded a turnover of approximately HK$135.99 million. This segment generated a segment loss of approximately HK$25.35 million to the Group. With the continuous loss generated in this segment, the Group has disposed all the interests of this segment based on the net assets value of this segment as at 30th June, 2008 and the disposal has been completed on 31st October, 2008.

OVERALL GROSS PROFITS

With the contributions from the two newly acquired businesses and the disposal of the loss making business stated above, the Group overall operating gross profits ratio (before amortisation of other intangible asset) has been increased from 2007's 3.9% to current year's 10.3%.

FINANCE COSTS

Interests expenses increased greatly from 2007's HK$4.37 million to current year's HK$13.34 million. The increase was mainly generated from the funding used for the trading of coke business acquired in 2008.

IMPAIRMENT LOSS ON GOODWILL

In 2008, the Group has carried out two very substantial acquisitions to develop the coal related businesses. To finance these acquisitions, the Group issued two tranches convertible bonds and promissory notes. The aggregate principal values of these convertible bonds at the agreement dates are HK$2,200 million. In applying the Hong Kong Financial Reporting Standards issued by the Hong

Kong Institute of Certified Public Accountants, these convertible bonds should be recorded at fair value at the dates of completions. With reference to the share prices at the dates of completions, i.e. 16th May, 2008 and 31st October, 2008, the aggregate fair values of these convertible bonds rise to HK$3,382.5 million. The increase in the value of convertible bonds increased the goodwill arising from acquisitions by HK$1,182.5 million and ultimately has been fully impaired as at 31 December 2008. Also, the newly acquired coal related businesses are expected to be affected by the economic tsunami happened in late 2008 which has increased the amount of impairment loss on goodwill.

This great impairment loss on goodwill will not affect the Group's operations since it will not affect the financial and cashflow positions of the Group. It is one-off non operating loss recorded in the year 2008. For future distribution of dividend, the increase in fair value will create a large amount in convertible bonds reserve or after conversion, transfer to the contributed surplus account. Since both accounts can be distributed by nature, the Group future potential ability for dividend distribution will not be affected.

CHARGES OVER ASSETS

Around HK$32.54 million (2007: nil) of building, HK$73.08 million (2007: nil) of prepaid lease payments, HK$26.66 million (2007: nil) of investment properties and HK$0.94 million (2007: HK$2.91 million) of bank deposit have been charged to secure banking facilities granted to various subsidiaries. Save as disclosed above, no other property, plant and equipment with any carrying value is pledged to any bank to secure banking facilities granted to subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets and current ratio were approximately HK$64.72 million and 1.08:1 as at 31st December, 2008. At 31st December, 2007 the amount was HK$101.2 million and 1.99:1. The decrease in current ratio is largely due to the issuance of promissory notes amounting to HK$200 million to finance the acquisitions of both coal trading and coal-related ancillary business and the raising of bank loan for the advance payment required for the coke trading business.

The Group's bank balances and cash equivalents amounted to approximately HK$68.02 million (31st December, 2007: approximately HK$85.1 million). Bank borrowings amounted to approximately HK$446.98 million. Around HK$387.50 million of the bank borrowings was the structured trade finance for the coke export business and around HK$55.99 million bank borrowings was the mortgaged loan for various properties located in Hong Kong.

EMPLOYEES AND REMUNERATION

As at 31st December, 2008, the Group had approximately 930 employees (31st December, 2007: approximately 2,700 employees). Less than 100 staffs are stationed in Hong Kong and the rest are PRC workers. The Group's staff cost for continuing operations amounted to approximately HK$28.01 million for the year ended 31st December, 2008 and approximately HK$25.36 million was recorded in last corresponding period.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward motivate individual performance. Up to the date of this report, there are 5,500,000 share options granted under the share option scheme.

MAIN ACQUISITIONS AND NEW BUSINESS DEVELOPMENT

In 2008, as stated above, the Group has completed the acquisitions of the coke trading business and the coal-related ancillary business on 16th May, 2008 and 31st October, 2008 respectively. To finance both acquisitions, the Group has issued HK$100 million promissory notes and HK$1,100 million convertible bonds for each of the acquisitions. Both convertible bonds have the exercisable period of five years and are at zero coupon rates. For the fair value of these convertible bonds, please refer to the section "IMPAIRMENT LOSS ON GOODWILL" stated above.

With the continuous poor performance of the Manufacturing — Others segment in the previous two financial years ended 31st December, 2007 and the six months ended 30th June, 2008, the Group has disposed this segment at 31st October, 2008 at the consideration of HK$36 million. The consideration was determined after arm's length negotiation with reference to the unaudited consolidated net assets value of this segment.

PROSPECTS

After the above two acquisitions and the disposal stated above, the Group starts to engage in coal related businesses. Currently, the demand for PRC export coke has been greatly reduced due to both the economic tsunami and the increase in the PRC export tax. It is expected that in medium terms, in order to stimulate the economy, overseas government will increase their spendings in infrastructure which will ultimately increase the demand for coke as the necessary resources in steel production. In the supply side, due to the PRC's quota system on export coke, quantities for export coke are fixed and surely not adequate to meet with international demand. The price of PRC exported coke will surely be increased.

To further increase the profitability of the Group, management will continue to investigate the possibilities for expanding the Group's capacity and for securing more coal as raw materials for coal washing. The Group may consider undertaking the coal mines nearby in order to purchase coal at discounted prices or to acquire a coke processing plant to become an integrated coke producer and exporter. Management considers that both moves can enlarge the profits margin of the Group.

With the expected increase in steel production in countries like USA, the PRC, Russia and Europe, demands for PRC's coke will surely be increased in the coming years. It supports our management's view and decision to engage in the coal related business. Overall, management believes the repositioning of the Group's business by disposing the loss making business and acquiring profits generated coal related business is a successful move for the Group's long term development and management is optimistic in the prospects of the Group.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive directors. It has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal control and financial reporting matters. It has reviewed this audited annual results for the year ended 31st December, 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices ("CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the year ended 31st December, 2008 except for the following deviations.

Under CG Code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. Bye-law 99 (as amended by Bye-law 182(vi)) of the Company's Bye-laws provides that one-third of the directors (other than Chairman or Managing Director) for the time being shall retire from office and shall be eligible for re-election at each annual general meeting. In order to comply with Code A.4.2, amendments will be proposed at the forthcoming annual general meeting to specify that every Director shall be subject to retirement by rotation at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by the directors of the Company (the "Code"). Having made specific enquiry of the directors of the Company, all directors confirmed that they had complied with the required standard as set out in the Code during the year ended 31st December, 2008.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2008 annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.huscoke.com).

The 2008 Annual Report of the Company will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr. Chim Kim Lun, Ricky, Mr. Cheng Kwok Hing, Andy, Mr. Wu Jixian and Mr. Li Baoqi and the Independent Non-Executive Directors are Mr. Lam Hoy Lee, Laurie, Mr. Wan Hon Keung and Mr. Sun Tak Keung.

By Order of the Board
Cheng Kwok Hing, Andy
Executive Director

Hong Kong, 28th April, 2009