SINOCOKING COAL & COKE CHEMICAL INDUSTRIES, INC.
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PROSPECTUS

SINOCOKING COAL AND COKE CHEMICAL INDUSTRIES, INC.

11,384,566 shares of Common Stock

This prospectus covers the resale by selling security holders named beginning on page 44 of this prospectus, of up to 11,384,566 shares of our common stock, $0.001 par value per share, which includes the following shares issued to investors in our private placement financings under Regulation D and Regulation S, completed on March 11, 2010:

2,343,268 shares of common stock issued to non-U.S. investors;

1,171,634 shares of common stock underlying warrants issued to non-U.S. investors;

5,001,667 shares of common stock issued to U.S. investors; and

2,867,997 shares of common stock underlying warrants issued to U.S. investors and placement agents.

These securities will be offered for sale from time to time by the selling security holders identified in this prospectus in accordance with the terms described in the section of this prospectus entitled “Plan of Distribution.” We will not receive any of the proceeds from the sale of the common stock by the selling security holders.

Our common stock is currently listed on the NASDAQ Capital Market under the symbol “SCOK.” The last reported per share price for our common stock was $8.52 as quoted on the NASDAQ Capital Market on October 14, 2010.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. SEE “RISK FACTORS” BEGINNING ON PAGE 3.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is October 15, 2010

No offers to sell are made, nor are offers sought, to buy these securities in any jurisdiction in which the offer or sale is not permitted. The reader should assume that the information contained in this prospectus is accurate as of the date on the cover page of this prospectus only. Our business, financial condition, results of operations, and prospectus may have changed since that date.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this prospectus, other than statements of historical facts, that address future activities, events or developments, are forward-looking statements, including, but not limited to, statements containing the words "believe," "anticipate," "expect," "project," "may," "might," "will" and words of similar import. These statements are based o certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Whether actual results will conform to the expectations and predictions of management, however, is subject to a number of risks and uncertainties that may cause actual results to differ materially. Such risks are in the section entitled "Risk Factors" beginning on page 3 of this prospectus.

Consequently, all of the forward-looking statements made in this prospectus are qualified by these cautionary statements, and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations.

PROSPECTUS SUMMARY

This summary provides a brief overview of the key aspects of our business and our securities. The reader should read the entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors." Some of the statements contained in this prospectus, including statements under "Summary" and "Risk Factors" as well as those noted in the documents incorporated herein by reference, are forward-looking statements and may involve a number of risks and uncertainties. We note that our actual results and future events may differ significantly based upon a number of factors. The reader should not put undue reliance on the forward-looking statements in this document, which speak only as of the date on the cover of this prospectus.

References to "we," "our," "us," the "Company," the "registrant," or "SinoCoking" refer to SinoCoking Coal and Coke Chemi Industries, Inc., a Florida corporation, including its consolidated subsidiaries and VIE controlled entities.

Our Business

SinoCoking Coal and Coke Chemical Industries, Inc. is a vertically integrated coal and coke producer based in Henan Province, People's Republic of China ("PRC" or "China"). We use coal from both our own mines and that of third-party mines to produce basic and value-added coal products such as thermal coal, washed metallurgical coal, and chemical and metallurgical coke for steel manufacturers, power generators, and various industrial users. We also produce and sell coal, including raw (unprocessed) and washed coal (which is coal that has been prepared for coking or thermal uses), medium coal and coal slurries (by-products of the coal-washing process), and coal tar (a by-product of the coke manufacturing process).

Corporate Structure

We operate our business through our wholly owned subsidiary Top Favour Limited, a British Virgin Islands international business company ("Top Favour"), and various entities owned and controlled by it. Top Favour is a holding company that, through its wholly owned subsidiary Pingdingshan Hongyuan Energy Science and Technology Development Co., Ltd. ("Hongyuan"), and the variable interest entity (VIE) that it controls and owns, Henan Province Pingdingshan Hongli Coal & Coke Co., Ltd. ("Hongli"), operates our coal and coke producing business located in Henan Province in the central region of the People's Republic of China ("PRC" or "China"). Hongli produces coke, coal, coal byproducts and electricity through its branch operation, Baofeng Coking Factory ("Baofeng Coking"), and its wholly owned subsidiaries, Baofeng Hongchang Coal Co., Ltd. ("Hongchang Coal") and Baofeng Hongguang Environment Protection Electricity Generating Co., Ltd. ("Hongguang Power"), which we refer to collectively as the "Baofeng Subsidiaries." We refer to Hongli and the Baofeng Subsidiaries collectively as "Hongli Group." The Company controls Hongli Group through contractual arrangements with Hongli Group and its owners. These contractual arrangements provide for management and control rights, and in addition entitle the Company to receive the earnings and control the assets of Hongli Group. Other than the interests in these contractual arrangements, neither the Company nor Hongyuan has any equity interests in Hongli Group. We refer to the Company, Top Favour, Hongyuan and Hongli Group collectively as "SinoCoking."

Recent $44 Million Private Placement Financing

On March 11, 2010 we completed two private placement financings, pursuant to exemptions under Regulation S and Regulation D respectively, in which we sold and issued units consisting of common stock and common stock warrants, for a purchase price of USD $6.00 per unit, resulting in aggregate proceeds of $44 million (collectively referred to as the "financing"). Each unit consisted of one (1) share of common stock and a warrant for the purchase of 0.5 shares of common stock with an exercise price of $12.00 per share. The investor warrants are exercisable for a period of five years from the date of issuance. The financing was conducted pursuant to Securities Purchase

Agreements dated February 5 and March 10, 2010, in two closings.

In connection with the foregoing, we entered into a registration rights agreement with the U.S. investors pursuant to which we agreed to file a registration statement to register both the shares of common stock, and the common stock underlying the warrants, issued in the financing. We also agreed to undertake commercially reasonable efforts to register the shares of common stock and the common stock underlying the warrants issued to the non-U.S. investors in the financing.

Madison Williams and Company, LLC ("Madison Williams") and Rodman & Renshaw, LLC ("Rodman & Renshaw"), a wholly owned subsidiary of Rodman & Renshaw Capital Group, Inc. acted as placement agents in the financing.

The financing resulted in total gross proceeds to the Company of $44 million, and the issuance by us of a total of 7,344,935 shares of common stock, and five-year warrants for the purchase of an additional 3,789,631 shares of common stock with an exercise price of $12.00 per share and five-year warrants for the purchase of 250,000 shares of common stock with an exercise price of $6.00 per share. For further details concerning the above financing, please refer to the disclosures on page 27 of this prospectus.

Securities Being Registered

We are registering 11,384,566 shares of our common stock for sale by the selling security holders identified in the section of this prospectus entitled "Selling Security Holders," issued to them in our $44 million private placement financing. In accordance with our registration rights agreement that we entered into with investors in the financing (more fully described below), we are registering for resale the following: (i) 2,343,268 shares of common stock issued to non-U.S. investors; (ii) 1,171,634 shares of common stock underlying warrants issued to non-U.S. investors; (iii) 5,001,667 shares of common stock issued to U.S. investors; and (iv) 2,867,997 shares of common stock underlying warrants issued to U.S. investors and placement agents. Information regarding our common stock is included in the section of this prospectus entitled "Description of Securities."

The shares of common stock offered under this prospectus may be sold by the selling security holders on the public market, in negotiated transactions with a broker-dealer or market maker as principal or agent, or in privately negotiated transactions not involving a broker or dealer. Information regarding the times and manner in which the shares of common stock offered under this prospectus may be offered and sold is provided in the sections of this prospectus entitled "Plan of Distribution." We will not receive any of the proceeds from those sales. The registration of the shares of common stock offered under this prospectus does not necessarily mean that any of these shares will ultimately be offered or sold by the selling security holders.

General Information

Our principal executive offices are located at Kuanggong Road and Tiyu Road 10th Floor, Chengshi Xin Yong She, Tiyu Road, Xinhua District, Pingdingshan, Henan Province, China 467000, and our telephone number is +86-3752882999.

RISK FACTORS

The reader should carefully consider the risks described below together with all of the other information included in this prospectus. The statements contained in or incorporated into this prospectus that are not historic facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. If any of the following risks actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of our common stock could decline, and an investor in our securities may lose all or part of their investment.

Risks Related To Business

Our business and results of operations are dependent on coal and coke markets, which may be cyclical.

The principal source of our revenue is from the sale of coal and coke within China (or the "PRC"), thus the business and operating results are highly dependent on domestic Chinese demand for coal and coke. The Chinese coal and coke markets are cyclical and exhibit fluctuation in supply and demand from year to year. They are subject to numerous factors beyond our control, including, but not limited to, general economic conditions in the PRC and fluctuations in industries with high demand for coal, such as the power and steel industries. These factors are also linked to or influenced by global economic conditions. Fluctuations in supply and demand for coal and coke affect their prices, which in turn affect our operating and financial performance. We have seen substantial price fluctuations in these commodities in the past and believe that such fluctuations may continue. The demand for coal and coke are primarily influenced by the pace of domestic economic growth and development, and the demand for coal and coke from the power, steel, and construction industries. The supply of coal and coke, on the other hand, are primarily affected by the geographic location of coal mines, the volume of coal and coke produced by the domestic and international coal suppliers, tariffs duties and trade controls, value-added taxes (VAT) imposed on imports, international freight costs, and the quality and price of competing sources of coal and coke. Alternative fuels, such as natural gas, oil and nuclear power, and alternative energy sources, such as hydroelectric power, wind, geothermal and solar, also have influences on the market demand for coal and coke. Excess supply of coal or coke or significant reduction in the demand for our coal or coke by domestic power or steel producers may have an adverse effect on their prices, which would in turn cause a decline in our profitability. In addition, any significant decline in PRC domestic coal or coke prices could materially and adversely affect our business and results of operations.

Our mining and coking operations are inherently subject to changing conditions that can affect our profitability.

SinoCoking's mining and coking operations are inherently subject to changing conditions that can affect levels of production and production costs for varying lengths of time and can result in decreases in profitability. SinoCoking is exposed to commodity price risk related to the purchase of diesel fuel, wood, explosives and steel. In addition, weather and natural disasters (such as earthquakes, landslides, flooding, and other similar occurrences), unexpected maintenance problems, key equipment failures, fires, variations in thickness of the layer, or seam, of coal, amounts of overburden, rock and other natural materials, variations in rock and other natural materials and variations in geological conditions can be expected in the future to have, a significant impact on our operating results. Prolonged disruption of production at the mine would result in a decrease in our revenues and profitability, which could be material. Other factors affecting the production and sale of our coal and coke that could result in decreases in our profitability include:

- sustained high pricing environment for raw materials, including, among other things, diesel fuel, explosives and steel;

- changes in the laws and/or regulations that we are subject to, including permitting, safety, labor and environmental requirements;

- labor shortages; and
- changes in the coal and coke market and general economic conditions.

Our coal and coke operations are extensively regulated by the PRC government and government regulations may limit its activities and adversely affect its business operations.

SinoCoking's coal and coke operations, like those of other Chinese natural resources and energy companies, are subject to extensive regulations administered by the PRC government. Central governmental authorities, such as the National Development and Reform Commission, the State Environmental Protection Administration, the Ministry of Land and Resources, the State Administration of Coal Mine Safety, the State Bureau of Taxation, and provincial and local authorities and agencies exercise extensive control over various aspects of China's coal mining and transportation (including rail and sea transport). These controls affect the following material aspects of our operations:

- exploration, exploitation and mining rights and licensing;
- rehabilitation of mining sites after mining is completed;
- recovery rate requirements;

- industry-specific taxes and fees;
- target of our capital investments;
- pension funds appropriation; and
- environmental and safety standards.

We believe that our operations are in compliance with applicable legal and regulatory requirements. However, there can be no assurance that the central, provincial or local governments in the PRC will not impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures by us to comply. We may face significant constraints on its ability to implement its business strategies or to carry out or expand business operations. We may also be materially and adversely affected by future changes in certain regulations and policies of the PRC government in respect of the coal or coke industry. New legislation or regulations may be adopted that may materially and adversely affect our operations, our cost structure or demand for our products. In addition, new legislation or regulations or different or more stringent interpretation of existing laws and regulations may also require us to substantially change our existing operations or incur significant costs.

The PRC government has become increasingly concerned with mine safety issues, particularly in light of several recent accidental explosions in coal mines (operated by other companies) due to inadequate internal safety measures, and as reflected by the implementation of the State Council's Regulation on Phase-out of Small Coal Mines. Moreover, additional new legislation or regulations may be adopted, or the enforcement of existing laws could become more stringent, either of which may have a significant impact on our mining operations or customers' ability to use coal and may require its customers to significantly change operations or to incur substantial costs. In 2008, the Henan Province mining authorities and related government bureaus conducted industry-wide coal mine safety inspections as a part of the government's policy and efforts to reduce mining accidents and improve safety. The Hongchang Mine was inspected in September, October and December of 2008, and during the course of these inspections, mining activity was temporarily halted or reduced. This and future interruptions in coal extraction due to mining safety inspections, albeit temporary, may have a material effect on the Company's financial results and operations.

The Henan Province Pingdingshan Municipal Bureau of Land and Resources will require coking factories with a furnace height of less than 4.3 meters to phase out their operations in the next two to three years. SinoCoking's existing coking furnace is 3 meters in height and as a result, we plan to phase out our existing coking factory in the next two to three years, and replace these facilities with a new coking facility that exceeds these regulatory standards. These government regulations will not affect our mining or coal washing operations.

SinoCoking's future success may depend substantially upon our ability to successfully build and operate the new coking factory and related facilities.

A central element of our business plan involves the construction and operation of a new coking factory and related facilities. We commenced construction of this new factory and related facilities on March 3, 2010. While we believe the successful completion of the construction of these facilities as planned will be profitable, prior to completion there can be no assurance that SinoCoking will be able to complete construction as planned or operate the coking factory, or that if completed we will be able to operate the new factory profitably. The future profitability of our coking operations will also depend on our ability to secure washed coal on a cost-effective basis.

Our business operations may be adversely affected by present or future environmental regulations.

As a producer of coal and coke products, SinoCoking is subject to significant, extensive, and increasingly stringent environmental protection laws and regulations in China. These laws and regulations:

- impose fees for the discharge of waste substances;
- require the establishment of reserves for reclamation and rehabilitation;

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require the payment of fines for serious environmental offences; and

allow the Chinese Government, at its discretion, to close any facility that fails to comply with environmental regulations or government orders, requiring such facilities to comply or cease operations.

Our operations may produce waste water, gas and solid waste materials. Currently, the PRC government is moving toward more rigorous enforcement of applicable laws and regulations as well as the adoption and enforcement of more stringent environmental standards. Our current amounts of capital expenditure for environmental regulatory compliance may not be sufficient if additional regulations are imposed and may need to allocate additional funds for such purpose. If we fail to comply with current or future environmental laws and regulations, we may be required to pay penalties or fines or take corrective actions, any of which may have a material adverse effect on our business operations and financial condition.

In addition, China is a signatory to the 1992 United Nations Framework Convention on Climate Change and the 1997 Kyoto Protocol, which are intended to limit emissions of greenhouse gases. Efforts to control greenhouse gas emission in China could result in reduced use of coal and coke if customers switch to sources of fuel with lower carbon dioxide emissions, which in turn could reduce the revenues of our businesses and have a material adverse effect on results of operations.

Demand for coal and coke and their respective prices are closely linked to consumption patterns of the power and steel industries in China. Any changes in consumption patterns could affect our operations and profitability.

Demand for coal and coke and the prices that we will be able to obtain for the products are closely linked to consumption patterns of the power generation and steel industries in China. These consumption patterns are influenced by factors beyond our control, including the demand for electricity; demand for steel; government regulation; technological developments and the location, availability, quality and price of competing sources of coal and coke; alternative fuels, such as natural gas, oil and nuclear power, and alternative energy sources, such as hydroelectric power, wind, geothermal and solar. Any reduction in the demand for coal or coke by the domestic power and steel industries may cause a decline in demand and revenue from our products which would reduce our profitability.

If transportation for our coal or coke becomes unavailable or uneconomic for our customers, our ability to sell our products could suffer.

Transportation costs represent a significant portion of the total cost of coal and, as a result, the cost of transportation is a critical factor in a customer's purchasing decision. Increases in transportation costs could make our products a less competitive source of energy or could make some of our offerings less competitive than other sources of coal or coke. We rely upon trucking, national, provincial and local highways and roadways, and the national railway system to transport our products. Regulation of, and the overall cost of using these forms of transportation may be outside of our control, changes in the accessibility and cost of these forms of transportation could affect our ability to deliver our products to our customers, and thus the attractiveness of our products relative to competing alternatives. In addition, these modes of transportation depend upon the support of the national, provincial and local governments for their maintenance and operation, and their reliability will depend on the actions and resources of these governments.

Risks inherent to mining could increase the cost of operating our business.

Our mining operations are subject to conditions beyond our control that can delay coal deliveries or increase the cost of mining for varying lengths of time. These conditions include weather and natural disasters (such as earthquakes, landslides, flooding, and other similar occurrences), unexpected maintenance problems, key equipment failures, fires, variations in thickness of the layer, or seam, of coal, amounts of overburden, rock and other natural materials, variations in rock and other natural materials and variations in geological conditions.

As with all companies that have coal mining operations, our operations are affected by mining conditions such as a deterioration in the quality or thickness of faults and/or coal seams, pressure in mine openings, presence of gas and/or water inflow and propensity to spontaneous combustion, as well as operational risks associated with industrial or engineering activity, such as mechanical breakdowns. Although the Company has conducted geological investigations to evaluate such mining conditions and adapt our mining plans to address them, there can be no assurance that the occurrence of any adverse mining conditions would not result in an increase in our costs of production, a reduction of coal output or the temporary suspension of operations.

We may suffer losses resulting from industry-related accidents and lack of insurance.

We operate coal mines and related facilities that may be affected by water, gas, fire or structural problems. As a result, our operations, like other coal mining and coking companies, could experience accidents that cause property damage and personal injuries. Although the Company has implemented safety measures at our operations, and provide on-the-job training for our employees, and, in accordance with relevant laws set aside approximately 9.6% of employees' total remuneration for employees' health insurance, there can be no assurance that industry-related accidents will not occur in the future.

The Company does not currently maintain fire, or other property insurance covering our properties, equipment or inventories. In addition, the Company does not maintain any business interruption insurance or any third party liability insurance to cover claims in respect of personal injury, property or environmental damage arising from accidents on our properties. Any uninsured losses and liabilities incurred by the Company could have a material adverse effect on our financial condition and results of operations. For instance, if it occurred, a major mining accident could prompt government-mandated closure of some or all of our mining operations, which would then require us to spend significant resources on remediation which could consume our available capital resources, and until remediated, we would be required to obtain our raw coal inputs from other third party suppliers at a higher price, which would adversely affect our gross margins on coal and coke products. Although the likelihood of a major mining accident would be extremely difficult to predict, we note that we have never suffered a casualty or major mining-related accident since inception, we have never been found to be out of compliance with government safety standards, and management believes our mining operations are safer than the industry average in China.

SinoCoking's ability to operate effectively could be impaired if the Company loses key personnel or fails to attract qualified personnel.

The Company manages our business with a number of key personnel, the loss of any of which could have a material adverse effect on operations. In addition, as business develops and expands, the Company believes that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel. The Company cannot assure that key personnel will continue to be employed by or that the Company will be able to attract and retain qualified personnel in the future. We employ our key personnel on an at-will basis, which means that either the Company or the employee may generally terminate the employment relationship at any time for any reason. Accordingly, if we are not able to effectively fill vacancies of departing key persons, our business may be impaired. Further, we note that our management is heavily dependent on the skills, experience, contacts, and business relationships of our founder and Chief Executive Officer, Mr. Jianhua Lv. Accordingly, the loss of our CEO could cause significant impairment to the business of our Company.

A downturn in global economic conditions may materially adversely affect our business and results of operations.

Our business and results of operations are affected by international, national and regional economic conditions. Financial markets in the United States, Europe and Asia have experienced significant disruption in the past year, including among other things, heightened volatility in security prices, constrained liquidity and credit availability, rating downgrades of certain investments and declining values of others. The Company is unable to predict the likely duration and severity of the current disruptions in financial markets, credit availability, and adverse economic conditions throughout the world. These economic developments affect businesses in a number of ways that could result in unfavorable consequences to the Company. Adverse global economic conditions, including within the PRC, could negatively affect commodity prices, or may cause our current or potential customers to delay or reduce purchases which could, in turn, result in reductions in sales volumes or prices, materially and adversely affecting results of operations and cash flows. Volatility and disruption of global financial markets could limit customers' ability to obtain adequate financing to maintain operations and proceed with planned or new capital spending initiatives, leading to a reduction in sales volume that could materially and adversely affect results of operations and cash flow. In addition, a decline in our customers' ability to pay as a result of an economic downturn may lead to increased difficulties in the collection of accounts receivable, higher levels of reserves for doubtful accounts and write-offs of accounts receivable, and higher operating costs as a percentage of revenues.

Certain of our shareholders control a significant amount of our common stock.

Approximately 32% of our outstanding common stock is controlled by one holding entity, of which our founder and Chief Executive Officer, Mr. Jianhua Lv is a director and beneficiary. Accordingly, Mr. Lv presently has significant relative voting power and influence over any action requiring shareholder approval, including the election of our directors.

If the Company makes any acquisitions, it may disrupt or have a negative impact on the business.

If the Company makes acquisitions, it could have difficulty integrating personnel, operations of the acquired companies with its own. In addition, the key personnel of the acquired business may not be willing to work for the Company. SinoCoking cannot predict the affect expansion which may have on our core business. Regardless of whether the Company is successful in making one or more acquisitions, the negotiations could disrupt our ongoing business, distract the management and employees and increase our expenses. In addition to the risks described above, acquisitions are accompanied by a number of inherent risks, including, without limitation, the following:

delays and waiting periods associated with required safety inspections, as well as government licensing or permitting procedures;

the difficulty of integrating acquired resources, products, services or operations;

the potential disruption of the ongoing businesses and distraction of the management and the management of acquired companies;

the difficulty of incorporating acquired resources, facilities, operations or products into the existing business;

difficulties in disposing of the excess or idle facilities of an acquired company or business and expenses in maintaining such facilities;

difficulties in maintaining uniform standards, controls, procedures and policies;

the potential impairment of relationships with employees and customers as a result of any integration of new management personnel;

the effect of any government regulations which relate to the business acquired;

potential unknown liabilities associated with acquired businesses and the associated operations, or the need to spend significant amounts to retool, reposition or modify the existing operations; or

the defense of any litigation, whether or not successful, resulting from actions of the acquired company prior to the acquisition.

For instance, as a required part of the process of consolidating mines in China, a consolidator is required to undergo safety inspections which apply to its existing and operating mines as well as acquired mines. These government inspections, as well as the required permitting and permitting process, may require substantial time to complete, and this may cause interruptions our coal mining operations. Further, if safety issues are identified by government mine inspection authorities, we may be required to undertake costly and time-consuming remedial measures in order to restore production.

Our business could be impaired to the extent that management is unable to succeed in addressing any of these risks or other problems encountered in connection with these acquisitions, many of which cannot be presently identified, these risks and problems could disrupt our ongoing business, distract the management and employees, increase our expenses and adversely affect our results of operations.

A large portion of our current revenue is derived from relatively few customers.

SinoCoking depended on four major customers for a substantial portion of its revenue in fiscal 2009. Nonrenewal or termination of SinoCoking’s arrangements with these customers may have a materially adverse effect on SinoCoking’s revenue. In the event that any one of its major customers does not renew or terminates its arrangement with SinoCoking, there can be no assurance that SinoCoking will be able to enter into another arrangement similar in scope. Additionally, there can be no assurance that SinoCoking’s business will not remain largely dependent on a limited customer base accounting for a substantial portion of revenue.

Risks Related To Doing Business in China

Our operations are primarily located in China and may be adversely affected by changes in the policies of the PRC government.

The political environment in the PRC and the policies of the PRC government may adversely affect our business operations. The PRC has operated as a socialist state since 1949. In recent years, however, the government has introduced economic reforms aimed at creating a “socialist market economy” and policies have been implemented to allow business enterprises greater autonomy in their operations. Changes in the political leadership of the PRC may have a significant effect on laws and policies related to the current economic reforms program, other policies affecting business and the general political, economic and social environment in the PRC, including the introduction of measures to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and remittances abroad, and foreign investment. These effects could substantially impair our business, profits or prospects. Moreover, economic reforms and growth in the PRC have been more successful in certain provinces than in others, and the continuation or increases of such disparities could affect the political or social stability of the PRC.

The PRC government exerts substantial influence over the manner in which companies in China must conduct their business activities.

The PRC only recently has permitted greater provincial and local economic autonomy and private economic activities. The government of the PRC has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in the PRC or particular regions thereof, and if this were to occur, we could be required to divest the interests we then hold in Chinese properties or joint ventures. Any such developments could have a material adverse effect on our business, operations, financial condition and prospects.

Future inflation in China may inhibit economic activity and adversely affect our operations.

In recent years, the Chinese economy has experienced periods of rapid expansion and within which some years with high rates of inflation and deflation, which have led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. While inflation has moderated since 1995, high inflation may in the future cause the PRC government to impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China, and thereby adversely affect our business operations and prospects.

We may be restricted from freely converting the Renminbi to other currencies in a timely manner.

The Renminbi is not a freely convertible currency at present. We receive all of our revenue in Renminbi, which may need to be converted to other currencies, primarily U.S. dollars, in order to be remitted outside of the PRC. Effective July 1, 1996, foreign currency "current account" transactions by foreign investment enterprises, including sino-foreign joint ventures, are no longer subject to the approval of State Administration of Foreign Exchange ("SAFE," formerly, "State Administration of Exchange Control"), but need only a ministerial review, according to the Administration of the Settlement, Sale and Payment of Foreign Exchange Provisions promulgated in 1996 (the "FX regulations"). "Current account" items include international commercial transactions, which occur on a regular basis, such as those relating to trade and provision of services. Distributions to joint venture parties also are considered "current account transactions." Other non-current account items, known as "capital account" items, remain subject to SAFE approval. Under current regulations, we can obtain foreign currency in exchange for Renminbi from swap centers authorized by the government. We do not anticipate problems in obtaining foreign currency to satisfy our requirements; however, there is no assurance that foreign currency shortages or changes in currency exchange laws and regulations by the PRC government will not restrict us from freely converting Renminbi in a timely manner.

We may be unable to enforce our rights due to policies regarding the regulation of foreign investments in China.

The PRC's legal system is a civil law system based on written statutes in which decided legal cases have little value as precedents, unlike the common law system prevalent in the United States. The PRC does not have a well-developed, consolidated body of laws governing foreign investment enterprises. As a result, the administration of laws and regulations by government agencies may be subject to considerable discretion and variation, and may be subject to influence by external forces unrelated to the legal merits of a particular matter. China's regulations and policies with respect to foreign investments are evolving. Definitive regulations and policies with respect to such matters as the permissible percentage of foreign investment and permissible rates of equity returns have not yet been published. Statements regarding these evolving policies have been conflicting and any such policies, as administered, are likely to be subject to broad interpretation and discretion and to be modified, perhaps on a case-by-case basis. The uncertainties regarding such regulations and policies present risks that the Company will not be able to achieve our business objectives. There can be no assurance that we will be able to enforce any legal rights it may have under our contracts or otherwise.

We depend upon the acquisition and maintenance of licenses to conduct our business in the PRC.

In order to conduct business in the PRC, we need licenses from the appropriate government authorities, including general business licenses and licenses and/or permits specific to our industry. The loss or failure to obtain or maintain these licenses in full force and effect will have a material adverse impact on our ability to conduct our business and on our financial condition. Mining licenses in China are generally subject to periodic renewal, and license fees associated with renewal may be subject to negotiation between the Company and the relevant government authorities. The government may in the future decide to increase these fees, or impose levies or surcharges on coal mine and mineral extraction rights. No assurance can be given regarding the timing or magnitude of these types of government actions.

Price controls may affect both our revenues and net income.

The laws of the PRC provide the government broad power to fix and adjust prices. Although coal and coke are not presently subject to direct price controls by the PRC government, we cannot give any assurance that these products will not be made subject to such controls in the future. To the extent that these products are subject to price controls, our revenue, gross profit, gross margin and net income may be adversely affected since the revenue we derive may become limited and we may face no limitation on our costs. In such a scenario, we may not be able to pass on any increases in costs to our customers. Further, if price controls affect both the revenue and the costs, our ability to operate profitably and the extent of the profitability will be effectively subject to determination by the applicable PRC regulatory authorities.

Since our officers and directors reside outside of the United States, it may be difficult for you to enforce your rights against them or enforce United States court judgments against them in the PRC.

Our directors and executive officers reside in the PRC and all of our assets are located in the PRC. It may therefore be difficult or impossible for United States investors to enforce their legal rights, to effect service of process upon our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties of our directors and officers under federal securities laws. Further, it is unclear if extradition treaties now in effect between the United States and the PRC would permit effective enforcement of criminal penalties of the federal securities laws.

Since we may not be able to obtain business insurance in the PRC, we may not be protected from risks that are customarily covered by insurance in the United States.

At present, business insurance is not readily available in the PRC. To the extent that we suffer a loss of a type which would normally be covered by insurance in the United States, such as product liability and general liability insurance, we would incur significant expenses in both defending any action and in paying any claims that result from a settlement or judgment.

Since our funds are held in banks which do not provide insurance, the failure of any bank in which we deposit our funds could affect our ability to continue in business.

Banks and other financial institutions in the PRC do not provide insurance for funds held on deposit. As a result, in the event of a bank failure, we may not have access to funds on deposit. Depending upon the amount of money we maintain in a bank that fails, our inability to have access to cash could impair operations, and, if we are not able to access funds to pay our suppliers, employees and other creditors, we may be unable to continue in business.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time-to-time in the PRC. We can make no assurance, however, that our employees or other agents will not engage in such conduct for which SinoCoking might be held responsible. If our employees or other agents are found to have engaged in such practices, SinoCoking could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in the exchange rate could have an adverse effect upon our business and reported financial results.

We conduct our business in Renminbi, thus our functional currency is the Renminbi, while our reporting currency is the U.S. dollar. The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, the political situation as well as economic policies and conditions. On July 21, 2005, the PRC government changed its decade old policy of pegging its currency to the U.S. currency. Under the current policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximate 17% appreciation of the Renminbi against the U.S. dollar between July 21, 2005 and March 23, 2009. However, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar. To the extent any of our future revenues are denominated in currencies other than the United States dollar, we would be subject to increased risks relating to foreign currency exchange rate fluctuations which could have a material adverse affect on our financial condition and operating results since operating results are reported in United States dollars and significant changes in the exchange rate could materially impact our reported earnings.

Risks Related to the Offering and Securities Offered

Since we have broad discretion in how we can use the net proceeds from our recent USD $44 million private placement financing, we may use the net proceeds in ways in which the shareholders might disagree.

We intend to use the net proceeds from our recent financing principally for construction of a new coking plant. However, management will have broad flexibility and discretion in applying the net proceeds of the financing. Our shareholders will be relying on the judgment of management with regard to the use of these net proceeds, and will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used in a manner which in their opinion such proceeds should be used. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for SinoCoking. The failure of management to use such funds effectively could have a material adverse effect on our business, financial condition, operating results and cash flow.

The rights of the holders of common stock may be impaired by the potential issuance of dilutive securities, namely preferred stock, convertible debt, and additional common stock.

Our board of directors has the right, without shareholder approval, to issue other dilutive securities with voting, dividend, conversion, liquidation or other rights which could adversely affect the voting power and equity interest of the holders of our common stock. These additional securities could be issued with the right to more than one vote per share, and/or could be utilized as a method of discouraging, delaying or preventing a change of control. The possible impact on takeover attempts could adversely affect the price of the common stock. Although we have no present intention to issue any additional dilutive securities for financing purposes, we may issue such shares in the future.

Under our charter and relevant corporate and securities law, the board of directors may approve the issuance of Company common stock in connection with certain types of transactions such as of acquisitions of other companies or mining assets, without obtaining shareholder approval. As a result, additional securities may be issued in the event of such transactions, resulting in dilution of the holdings of all pre-transaction shareholders, even though one or more of the Company’s shareholders may disagree with the Company’s decision to acquire a target or assets.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on the business and operating results and shareholders could lose confidence in our financial reporting.

Internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed. Under current SEC regulations, we will be required to include an auditor’s report on internal controls over financial reporting in our annual 10-K reports with the SEC. Failure to achieve and maintain an effective internal control environment, regardless of whether we are required to maintain such controls, could also cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price. Although we are not aware of circumstances that would impair our ability to maintain effective internal controls, we have not yet obtained an independent audit of our internal controls, and, as a result, we are not aware of any deficiencies which would result from such an audit. Further, at such time as the Company is required to comply with the internal controls requirements of Sarbanes Oxley, we may incur significant expenses in having our internal controls audited and in implementing any changes which are required.

Because of our cash requirements as well as potential government restrictions, we may be unable to pay dividends.

The payment of dividends to our shareholders would require payment of dividends by our PRC subsidiaries and controlled companies to SinoCoking Coal and Coke Chemical Industries, Inc. a Florida parent corporation. This, in turn, would require a conversion of Renminbi into US dollars and repatriation of funds to the United States. Although our subsidiary Hongyuan's classification as a wholly owned foreign enterprise under PRC law permits it to declare dividends and repatriate our funds to the Florida parent company in the United States, any change in this status or the regulations permitting such repatriation could prevent it from doing so. Any inability to repatriate funds to the Florida parent company would in turn prevent payments of dividends to our shareholders. We do not presently intend to pay dividends.

Our stock price may be affected by our failure to meet projections and estimates of earnings developed either by us or by independent securities analysts.

Our operating results may fall below the expectations of securities analysts and investors. In this event, the market price of our common stock would likely be materially adversely affected.

The volatility of and limited trading market in our common stock may make it difficult for the investors to sell the common stock for a positive return on their investment.

The public market for our common stock has historically been very volatile. Any future market price for our shares is likely to continue to be very volatile. In addition, there has been little or no market for our stock until very recently, and our common stock has been and may in the future, be thinly traded with relatively high bid-ask spreads.
These factors may make it more difficult for our shareholders to sell shares of our common stock, and at prices that our shareholders may expect.

We will incur increased costs as a public company which may affect our profitability.

Prior to our reverse takeover transaction with Top Favour Limited, SinoCoking operated as a private company in China. As a public company, SinoCoking has incurred and will continue to incur significant legal, accounting and other expenses that it did not as a private company. SinoCoking is subject to the SEC's rules and regulations relating to public disclosure. SEC disclosures generally involve a substantial expenditure of financial resources. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the SEC, have required changes in corporate governance practices of public companies. We expect that if we undertake compliance with these new rules and regulations we will significantly increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we anticipate that we will be required to maintain independent board committees and adopt policies regarding internal controls and disclosure controls and procedures. For example, management may need to increase compensation for senior executive officers, engage senior financial officers able to adopt financial reporting and control procedures, allocate a budget for an investor and public relations program, and increase our financial and accounting staff in order to meet the demands and financial reporting requirements as a public reporting company. Such additional personnel, public relations, reporting and compliance costs will affect our financial results.

Generally, we have not paid any cash dividends to our shareholders and no cash dividends will be paid in the foreseeable future.

We do not anticipate paying cash dividends on our common stock in the foreseeable future and it may not have sufficient funds legally available to pay dividends. Even if the funds are legally available for distribution, we may nevertheless decide or may be unable to pay any dividends. We intend to retain all earnings for our operations.

If we were to become subject to the penny stock rules, it may have difficulty in selling our common stock.

Listed companies with a stock price trading at less than $5.00 per share will be subject to the SEC's penny stock rules, which impose additional sales practice requirements and restrictions on broker-dealers that sell our stock to persons other than established customers and institutional accredited investors. In the event that we become subject to these rules, these rules may affect the ability of broker-dealers to sell our common stock and may affect your ability to sell any common stock you may own. According to the SEC, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include:

Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;

Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;

Boiler room practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;

Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and

The wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

Our common stock is newly listed, has a limited public float, a short trading history, and has been relatively thinly traded. As a result, in the near future and beyond, liquidity in our shares may be limited, and you may be unable to sell at or near the purchased price or at all if you need to sell your shares or otherwise liquidate your holdings.

We cannot predict the extent to which an active public market for the common stock will develop or be sustained. Our common stock became listed very recently on NASDAQ in February 2010, and our shares have only a limited amount of trading history. This situation is attributable to a number of factors, including the fact that our common stock has a limited public float, and we are a newly listed public reporting company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume. As a consequence, there have been and may be periods of several days or more when trading activity in the shares is or will be minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot provide any assurance that a broader or more active public trading market for our common stock will develop or be sustained in the future, or that any particular level of trading volume in our stock will be sustained.

The market price of our common stock is expected to be particularly volatile given our status as a relatively small company with a small float that could lead to wide fluctuations in our share price. The price at which you purchase our common stock may not be indicative of the price that will prevail in the trading market. You may be unable to sell your common stock at or above your purchase price if at all, which may result in substantial losses to you.

The market for our common stock is expected to be characterized by significant price volatility when compared to seasoned issuers, and we anticipate that our share price will continue to be more volatile than a seasoned issuer for some time. Volatility in share prices is attributable to a number of factors. In the near future, our common stock is expected to be sporadically and/or thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on our share price. The following factors also may add to the volatility in the price of our common stock: actual or anticipated variations in our quarterly or annual operating results; adverse outcomes; additions to or departures of key personnel, as well as other items discussed under this Risk Factor section, as well as elsewhere in our reports, filings and public disclosures. Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common stock will be at any time, including as to whether our common stock will sustain any particular trading price, or as to what effect the sale of shares or the availability of common shares for sale at any time will have on the then prevailing market price.

Volatility in our common stock price may subject SinoCoking to securities litigation.

The future market for our common stock may be characterized by significant price volatility when compared to seasoned issuers, and we expect our share price will be more volatile than a seasoned issuer for the indefinite future. As of the present date, we have a very limited number of freely tradable shares, which may exacerbate volatility and result in exaggerated price changes in the common stock. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of our securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management’s attention and resources.

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Past activities during the period prior to our reverse takeover transaction on February 5, 2010 relating to our prior business then known as “Ableauctions.com, Inc.” may lead to future liability.

Prior to our acquisition of Top Favour Limited (the BVI holding company for SinoCoking’s business) on February 5, 2010, the Company, then named “Ableauctions.com, Inc.” engaged in businesses unrelated to our current operations. Although certain previously controlling shareholders of Ableauctions.com and its related liquidating trust have provided certain indemnifications against any loss, liability, claim, damage or expense arising out of or based on any breach of or inaccuracy in any of their representations, warranties and covenants made regarding such acquisition, including a $1 million reserve fund set aside by a liquidating trust for purposes of paying any indemnification claims by us, any liabilities relating to such prior business against which we are not completely indemnified may have a material adverse effect on us (and indirectly our shareholders) may not be able to benefit from any funds in reserve.

Reverse takeover transactions of the type to conducted between the Company (then known as Ableauctions.com) and Top Favour are often heavily scrutinized by the SEC and we may encounter difficulties or delays in obtaining future regulatory approvals.

Historically, the SEC and the U.S. national exchanges have not generally favored transactions in which a privately held company merges into a public reporting company with listed securities. On June 29, 2005, the SEC adopted rules dealing with private company mergers into dormant or inactive public companies. Although our Company was not a dormant inactive public company at the time of the reverse takeover transaction, we anticipate that the Company will be scrutinized carefully by the SEC and possibly by the Financial Industry Regulatory Authority. Further, the SEC or other regulatory authority may unexpectedly assert a different interpretation of its rules, than the interpretation relied upon, used by, or considered reasonable the Company and its advisors, and by other companies conducting similar or analogous transactions, which could increase the cost of, or adversely affect our ability to, file and achieve effectiveness for our registration statements, or interfere with or negate the ability of the Company its shareholders to rely upon Rule 144 or similar rules.

Future sales of shares of our common stock may decrease the price for such shares.

Actual sales, or the prospect of sales by our shareholders, may have a negative effect on the market price of the shares of our common stock. We may also register certain shares of our common stock that are subject to outstanding convertible securities, if any, or reserved for issuance under our stock option plans. Once such shares are registered, they can be freely sold in the public market upon exercise of the options. At any given time, if any of our shareholders either individually or in the aggregate cause a large number of securities to be sold in the public market, or if the market perceives that these holders intend to sell a large number of securities, such sales or anticipated sales could result in a substantial reduction in the trading price of shares of our common stock and could also impede our ability to raise future capital.

The elimination of monetary liability against our directors, officers and employees under state law and the existence of indemnification rights to our directors, officers and employees may result in substantial expenditures by us and may discourage lawsuits against our directors, officers and employees.

Our articles of incorporation contain specific provisions that eliminate or limit the liability of directors for monetary damages to us and our shareholders, and we are prepared to give such indemnification to our directors and officers to the extent permissible under state law. We may also maintain or enter into, from time to time, contractual agreements that obligate us to indemnify our officers under employment agreements, and similar contractual agreements with our directors. The foregoing indemnification obligations could result in us incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, in the event of actions against our officers and directors, which we may be unable to recoup. These provisions and resultant costs may also discourage us from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our shareholders against the directors and officers even though such actions, if successful, might otherwise benefit the Company and its shareholders.

The market price for our stock may be volatile.

The market price for our stock may be volatile and subject to wide fluctuations in response to such factors as:

- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- conditions in the commodities markets;
- changes in the economic performance or market valuations of other companies in our industry;
- announcements by us or our competitors of new or competitive products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of foreign exchange rates between RMB and the U.S. dollar;
- commercial litigation; and
- general economic or political conditions in China.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our stock.

We may need additional capital, and the sale of additional shares or other equity securities could result in additional dilution to our shareholders.

We believe that our current cash and cash equivalents, anticipated cash flow from operations, availability of borrowings under the new loan, and the net proceeds from this offering will be sufficient to meet our anticipated cash needs for the near future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain additional credit. The sale of additional equity securities could result in additional dilution to our shareholders. Incurring indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to it, if at all.

The registration and potential sale, either pursuant to our prospectus or pursuant to Rule 144, by certain selling security holders of a significant number of shares could encourage short sales by third parties.

There may be significant downward pressure on our stock price caused by the sale or potential sale of a significant number of shares by certain of selling security holders pursuant to the Company's effective registration statement on Form S-1 and prospectus or under Rule 144, which could allow short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. The presence of short sellers in our common stock may further depress the price of our common stock. If the selling security holders sell a significant number of shares of common stock, the market price of our common stock may decline. Furthermore, the sale or potential sale of the offered securities pursuant to the prospectus and the depressive effect of such sales or potential sales could make it difficult for us to raise funds from other sources.

BUSINESS

General Overview

SinoCoking Coal and Coke Chemical Industries, Inc. (the "Company") is a vertically integrated coal and coke producer based in Henan Province, People's Republic of China ("PRC" or "China"). We use coal from both our own mines and that of third-party mines to produce basic and value-added coal products such as thermal coal, washed metallurgical coal, and chemical and metallurgical coke for steel manufacturers, power generators, and various industrial users. We also produce and sell coal, including raw (unprocessed) and washed coal (which is coal that has been prepared for coking or thermal uses), medium coal and coal slurries (by-products of the coal-washing process), and coal tar (a by-product of the coke manufacturing process).

All of our business is conducted by Henan Province Pingdingshan Hongli Coal & Coke Co., Ltd. ("Hongli"), which we control through contractual arrangements that Hongli and its owners have entered into with Pingdingshan Hongyuan Energy Science and Technology Development Co., Ltd. ("Hongyuan"). These contractual arrangements provide for management and control rights, and in addition entitle us to receive the earnings and control the assets of Hongli Group.

Hongyuan is wholly owned by Top Favour Limited ("Top Favour"), our wholly owned subsidiary. Hongli produces coke, coal, coal byproducts and electricity through its branch operation, Baofeng Coking Factory ("Baofeng Coking"), and its wholly owned subsidiaries, Baofeng Hongchang Coal Co., Ltd. ("Hongchang Coal") and Baofeng Hongguang Environment Protection Electricity Generating Co., Ltd. ("Hongguang Power"), which we refer to collectively as the "Baofeng Subsidiaries." We refer to Hongli and the Baofeng Subsidiaries collectively as "Hongli Group." We refer to the Company, Top Favour, Hongyuan and Hongli Group collectively as "SinoCoking."

Our Industry

World Coal Reserves

According to the Energy Information Administration ("EIA"), total recoverable reserves of coal around the world are estimated at 929 billion metric tons. Historically, estimates of world recoverable coal reserves, although relatively stable, have declined gradually from 1,145 billion metric tons in 1991 to 1,083 billion metric tons in 2000 and 929 billion metric tons in 2006. Although coal deposits are widely distributed, 80% of the world's recoverable reserves are located in five countries: the United States (28.0%), Russia (19.0%), China (14.0%), India (10.0%) and Australia (9.0%). In 2006 those five countries, taken together, produced 4.9 billion metric tons (95.8 quadrillion BTU) of coal, representing 71.0% (75.0% on a BTU basis) of total world coal production. By rank, anthracite and bituminous coal account for 51.0% of the world's estimated recoverable coal reserves on a tonnage basis, and sub-bituminous and lignite coal account for 50.0%. In 2006, coal accounted for 27% of world energy consumption, of which 62% was shipped to electricity producers, 34% to industrial consumers, and most of the remaining 4% to coal consumers in the residential and commercial sectors. Coal's share of total world energy consumption is expected to increase to 28% in 2030.

Quality and geological characteristics of coal deposits are important parameters for coal reserves. Coal is a heterogeneous source of energy, with quality (for example, characteristics such as heat, sulfur, and ash content) varying significantly by region and even within individual coal seams. At the top end of the quality spectrum are premium-grade bituminous coals, or coking coals, used to manufacture coke for the steelmaking process. The heat content of bituminous coal ranges from 21.0 million to 30.0 million BTU/ton (approximately 5,300 to 7,550 kcal/kg) on a moist, mineral-matter-free basis. Coking coals produced in the United States have an estimated heat content of 26.3 million BTU per ton (approximately 6,600 kcal/kg) and relatively low sulfur content of approximately 0.9 percent by weight. At the other end of the spectrum are reserves of low-BTU lignite. On a BTU basis, lignite reserves show considerable variation. Estimates published by the International Energy Agency for 2005 indicate that the average heat content of lignite in major producing countries varies from a low of 4.4 million BTU per ton (approximately 1,100 kcal/kg) in Greece to a high of 12.4 million BTU per ton (approximately 3,100 kcal/kg) in Canada.

The growth rate for world coal consumption is expected to be 1.9% from 2006 to 2015 and 1.6% from 2015 to 2030, generally reflecting the growth trends for both world GDP and world primary energy consumption.

Coal Consumption and Demand in China

According to EIA, China and India together will account for 90 percent of the projected increase in world coal consumption from 2006 to 2030. Strong economic growth is projected for both countries (averaging 6.4 percent per year in China and 5.6 percent per year in India from 2006 to 2030), and much of the increase in their demand for energy, particularly in the electric power and industrial sectors, is expected to be met by coal.

Coal use in China's electricity sector is projected to increase from 24.9 quadrillion BTU in 2006 to 57.3 quadrillion BTU in 2030, at an average rate of 3.5% per year. At the beginning of 2006, China had an estimated 350 gigawatts of coal-fired capacity in operation. To meet the demand for electricity that is expected to accompany its rapid economic growth, an additional 600 gigawatts of coal-fired capacity (net of retirements) is projected to be brought on line in China by 2030, requiring large financial investments in new coal-fired power plants and associated transmission and distribution systems.

Approximately half of China's coal use in 2006 was in the non-electricity sectors, principally in the industrial sector. In 2006, China was the world's leading producer of both steel and pig iron, and between 2006 and 2030, coal demand in China's non-electricity sectors is expected to increase by 13.9 quadrillion BTU. Despite such substantial growth, however, the non-electricity share of total coal demand is expected to decline to 41.0% in 2030. Because China has only limited reserves of oil and natural gas, coal remains the primary source of energy in its industrial sector, even as electricity's share of total industrial energy use rises from 18.0% percent in 2006 to an expected 28.0% in 2030.

Coal Production in China

EIA estimates that China's coal production increased from 1,459 million short metric tons in 2001 to 2,804 million short metric tons in 2007. China contributed approximately 40.0% to world coal production in 2007 whereas in 2001, it contributed 28.0%.

Bituminous coal comprised 75.0% of China's coal production. China's bituminous coal production increased from 1,138 million short metric tons in 2001 to 1,984 million short metric tons in 2006.

From 2006 to 2030, coal production in China is projected to increase by 52.8 quadrillion BTU or 2,617 million short metric tons. Management believes that the production estimates suggest that most of the demand for coal in China will continue to be met by domestic production.

After reaching a peak in the first half of 2008, coal prices, as measured by the Qinhuangdao benchmark spot price (Shanxi blend, 5,500 kcal/kg), saw sharp declines in the latter half of 2008. Coal prices are expected to stay in the 550 RMB/ton range for 2009 through 2011, as the global economy recovers and coal demand increases. However, coal prices could see near-term declines as China's five power giants together with China Resources are expected to purchase imported coal at lower international prices, which may impose great pressure on domestic coal pricing.

Coking Industry in China

Coke is a hardened, solid carbonaceous residue derived from low-ash, low-sulfur bituminous coal from which the volatile constituents are driven off by baking in an oven without oxygen at high temperatures so that the fixed carbon and residual ash are fused together. The two major types of coke are metallurgical coke and chemical coke, which are primarily used in the manufacture of pig iron, which is a major component in the production of steel. Metallurgical coke is classified into three grades depending on the level of carbon and other mineral content – Grade I coke, which is suitable for larger furnaces and has a high heat yield compared to Grade II and Grade III. The quality of coke has a significant impact on the production of iron. Compared to the other grades of coke, Grade I coke produces the least ash and is the highest quality, therefore yielding more iron and achieving higher productivity.

World metallurgical coke production reached 612 million metric tons in 2008, a slight increase in production from 2007. China is currently the powerhouse in the global coke industry, producing 374 million metric tons of coke in 2008, accounting for 60% of total global production. Japan, the second largest coke producer in the world, produces 42 million metric tons annually and holds a 7% market share. For the first five months of 2009, China produced 126 million metric tons of coke, down 7.4 percent from the previous year. China is by far the most important market for metallurgical coke in every key aspect covering production, consumption and export. Locality has been a major driving force behind metallurgical coke production capacity growth in north, northeast and east of China. These areas have large pools of coal reserves and are strategically located near the coal ports - boosting the supply chain of metallurgical coke market. The availability and close proximity to both imported and domestic coal coupled with existing transportation infrastructure have provided the catalyst for expansion of the metallurgical coke market. Steel production and demand distribution is also closely mirrored by metallurgical coke production and demand. Increased number of steel coke production facilities growing in these areas has sparked the building of new metallurgical coke plants looking to meet new increasing demand.

Coke Uses and By-Products

As mentioned above, metallurgical coke is primarily used for steel manufacturing. Chemical coke, however, commonly referred in China to as gas coke, is mainly used in China to produce synthesis gas, a gas mixture largely of hydrogen and carbon monoxide that is combustible and often used as a fuel source or as an intermediate for the production of other chemicals including methanol, formaldehyde and ammonia. China has exacting national standards for coke, based upon a variety of metrics, including most importantly, ash content, volatilization, caking qualities, sulfur content, mechanical strength and abrasive resistance. Typically, metallurgical coke must have more than 80% fixed carbon, less than 15% ash content, less than 0.8% sulfur content and less than 1.9% volatile matter. Chemical coke, on the other hand, must have more than 80% fixed carbon, less than 18% ash content, less than 1% sulfur content and less than 3% volatile matter.

Coal tar is a by-product of the distillation of metallurgical coal in coke processing. Coal tar in turn is distilled into many fractions to yield a number of useful organic products, including benzene, toluene, naphthalene and anthracene. The Company’s tar is sold mainly to producers of naphthalene, anthracene, carbon lack and water proofing materials. Coal gas is obtained as a by-product in the preparation of coke. Its composition varies but largely consists of hydrogen and methane with small amounts of other hydrocarbons, carbon monoxide, carbon dioxide and nitrogen.

China Coke Pricing

The Shanxi Coking Industry Association lowered its reference price for coke sales in September 2009 by RMB 80/ton. In September, the free-on-rail price for coke with sulphur content less than 0.7% and ash content below 12.5% would be RMB 1,780/ton, inclusive of VAT, down RMB 80/ton from August. The move follows a price cut just two weeks before, when the SCIA lowered its August reference price by RMB 20/ton to RMB 1,860/ton. Meanwhile, the association asked coke enterprises to limit production by 60%-70% to reduce coke stocks and stabilize market supply. The Hebei Coke & Chemical Industry Association cut the Grade II or "2nd Grade" met coke reference price by RMB 150/ton to RMB 1,700/ton for September. In 2009, the association suggested that PRC coke producers cut production by 30% to support coke prices.

Coke prices saw significant declines from their peaks in the first half of 2008, as there was reduced demand from the iron and steel industries. Prices have subsequently been volatile for most of 2009, closing at 1,780 RMB/ton at the end of September. Since September 2009, coke prices have increased approximately 10%, resulting from improved economic conditions and increased steel demand. The price of coke closed at 1,970 RBM/ton in the beginning of May 2010.

Due to the Chinese central government's regulations, all the unqualified coking facilities with furnace height of less than 4.3 meters will have to be shut down within a short period. As a result, management believes coke will be in short supply future years.

Corporate History and Structure of SinoCoking

The Company is a Florida corporation, originally incorporated as "J. B. Financial Services, Inc." on September 30, 1996. From the date of its incorporation until August 24, 1999, the Company had no material business and no material revenues, expenses, assets or liabilities. The Company changed its name to "Ableauctions.com, Inc." on July 19, 1999, and subsequently operated an online auction business and a real estate business.

On December 30, 2009, the Company's shareholders approved a Plan and Agreement of Share Exchange, dated July 17, 2009 (the "Exchange Agreement"), with Top Favour, under which, the Company (formerly named "Ableauctions.com, Inc.") agreed to acquire all of the outstanding capital stock of Top Favour in exchange for the issuance of 13,117,952 shares of its common stock to the shareholders of Top Favour (the "Acquisition"). The Acquisition was consummated at 5:00 p.m. Pacific time on February 5, 2010 (the "Closing Date").

On the Closing Date:

The Company ceased operating all of its businesses that existed and were held prior to the Closing Date;

The Company changed its name from "Ableauctions.com, Inc." to "SinoCoking Coal and Coke Chemical Industries, Inc." to reflect the business of Top Favour, and it effected a 1-for-20 reverse stock split of its issued and outstanding shares of common stock, by filing an amendment to its articles of incorporation with Florida's Department of State;

All of the Company's directors and officers prior to the Acquisition resigned, and successor officers and directors designated by Top Favour were appointed to the board and management;

All of the pre-Acquisition assets of the Company (e.g. relating to online auctions, liquidation, real estate services, finance and development) were transferred to a liquidating trust (the "Liquidating Trust"); these assets included the capital stock of the Company's pre-Acquisition subsidiaries;

The Liquidating Trust assumed all of the Company's pre-Acquisition liabilities;

Top Favour and its subsidiaries and controlled companies became subsidiaries and controlled companies of the Company;

The business, operations and assets of Top Favour (e.g., production of coal and coke) became the sole business, operations and assets of the Company.

The operations of the Company's former pre-Acquisition subsidiaries, now held by the Liquidating Trust, are in the process of being wound down and will eventually be liquidated. Any proceeds from the liquidation which remain after the payment of liabilities and expenses relating to the liquidation will be distributed by the Liquidating Trust to the shareholders of record prior to the consummation of the Acquisition.

Top Favour is a holding company that was incorporated in the British Virgin Islands on July 2, 2008. Since incorporation, Top Favour has not conducted (and presently does not conduct) any substantive operations of its own except to serve as a holding company that owns 100% of the equity interest of Hongyuan.

Hongyuan is a PRC limited liability company and the wholly owned subsidiary of Top Favour. Hongyuan was approved as a wholly foreign owned enterprise ("WFOE") by the Henan provincial government on February 26, 2009 and formally organized on March 18, 2009. Other than activities relating to its contractual arrangements with Hongli, Hongyuan has no separate operations of its own.

Hongli is a limited liability company organized in the PRC on July 5, 1996. Hongli holds the government licenses and approvals necessary to operate SinoCoking's businesses in China. Hongyuan does not own any equity interests in Hongli, but controls and receives the economic benefits of its business operations through contractual arrangements. In turn, Top Favour is the 100% owner and parent company of Hongyuan.

Baofeng Coking was established on May 31, 2002 as a branch of Hongli. Baofeng Coking produces SinoCoking's coke products.

Hongchang Coal is a limited liability company that was organized in the PRC on July 19, 2007. Hongchang Coal is a wholly owned subsidiary of Hongli and operates SinoCoking's coal mining operations.

Hongguang Power is a limited liability company that was organized in the PRC on August 1, 2006. Hongguang Power is also wholly owned by Hongli and operates SinoCoking's electricity generating operations.

SinoCoking's current corporate structure is illustrated below.

Contractual Arrangements with Hongli Group and its Owners

Our relationship with Hongli Group and its owners is governed by a series of contractual arrangements (or VIE agreements), under which Hongyuan, the WFOE, holds and exercises ownership and management rights over the Hongli Group. Neither the Company, Top Favour nor Hongyuan owns any direct equity interest in Hongli Group; however, the contractual arrangements with Hongli Group and its owners are designed to provide the Company with rights equivalent in all material respects to those it would possess as the sole equity holder of the Hongli Group entities, including absolute control rights and the rights to their assets, property and income. According to a legal opinion issued by our PRC counsel, the contractual arrangements constitute valid and binding obligations of the parties to such agreements, and are enforceable and valid in accordance with the laws of the PRC.

On March 18, 2009, Hongyuan entered into the following contractual arrangements with Hongli Group and its owners:

Consulting Services Agreement. Pursuant to the consulting services agreement, Hongyuan provides the Hongli Group companies with general consulting services relating to their business management and operations on an exclusive basis. Additionally, Hongyuan owns any intellectual property rights that are developed during the course of providing these services. Each Hongli Group company pays a quarterly consulting service fee in Renminbi ("RMB") equal to its net income for such quarter to Hongyuan. The consulting services agreement is in effect unless and until terminated by written notice of either party in the event that: (a) the other party causes a material breach of the agreement, provided that if the breach does not relate to a financial obligation of the breaching party, that party may attempt to remedy the breach within 14 days following the receipt of the written notice; (b) the other party becomes bankrupt, insolvent, is the subject of proceedings or arrangements for liquidation or dissolution, ceases to carry on business, or becomes unable to pay its debts as they become due; (c) Hongyuan terminates its operations; (d) Hongli Group's business license or any other approval for its business operations is terminated, cancelled or revoked; or (e) circumstances arise which would materially and adversely affect the performance or the objectives of the consulting services agreement. Additionally, Hongyuan may terminate the consulting services agreement without cause.

Operating Agreement. Pursuant to the operating agreement, Hongyuan provides guidance and instructions on each Hongli Group company's daily operations, financial management and employment issues. In addition, Hongyuan agrees to guarantee the performance of each Hongli Group company under any agreements or arrangements relating to its business arrangements with any third party. In return, the owners of Hongli Group must designate Hongyuan's candidates as their representatives on each Hongli Group company's board of directors, and Hongyuan has the right to appoint senior executives of each Hongli Group company. Additionally, each Hongli Group company agrees to pledge its accounts receivable and all of its assets to Hongyuan. Moreover, each Hongli Group company agrees not to engage in any transactions that could materially affect its assets, liabilities, rights or operations without Hongyuan's prior consent, including without limitation, incurrence or assumption of any indebtedness, sale or purchase of any assets or rights, incurrence of any encumbrance on any of its assets or intellectual property rights in favor of a third party or transfer of any agreements relating to its business operation to any third party. The term of this agreement is the maximum period of time permitted by law unless sooner terminated by any other agreements reached by all parties or upon a 30-day written notice from Hongyuan. The term may be extended only upon Hongyuan's written confirmation prior to the expiration of the agreement, with the extended term to be mutually agreed upon by the parties. Under current PRC Contract Law, there is no limitation on the maximum term permitted by law for the operating agreement. As long as the operating agreement is not terminated or discharged according to contract or by operation of the law and the contractual parties still exist, there is no limitation on term of the operating agreement. However, the PRC government may issue new laws and regulations in connection with these types of operating agreements which may limit the terms of such agreements in the future.

Equity Pledge Agreement. Under the equity pledge agreement, the owners of Hongli Group pledged all of their equity interests in Hongli Group to Hongyuan to guarantee each Hongli Group company's performance of its obligations under the consulting services agreement. If a Hongli Group company or the owners breach their respective contractual obligations, Hongyuan, as pledgee, will be entitled to certain rights, including, but not limited to, the right to vote with, control and sell the pledged equity interests. The owners of Hongli Group also agreed that upon occurrence of any event of default, Hongyuan shall be granted an exclusive, irrevocable power of attorney to take actions in the place and stead of the owners to carry out the security provisions of the equity pledge agreement, and take any action and execute any instrument as required by Hongyuan to accomplish the purposes of the agreement. The owners of Hongli Group agreed not to dispose of the pledged equity interests or take any actions that would prejudice Hongyuan's interest. This agreement will expire two years from the fulfillment of Hongli Group's obligations under the consulting services agreement.

Option Agreement. Under the option agreement, the owners of Hongli Group irrevocably granted Hongyuan or its designee an exclusive option to purchase, to the extent permitted under Chinese law, all or part of the equity interests in Hongli Group for the cost of the owners' initial contributions to the registered capital of each Hongli Group company or the minimum amount of consideration permitted by applicable Chinese law. Hongyuan or its designee has sole discretion to decide when to exercise the option, whether in part or in full. The term of this agreement is ten years from January 1, 2006 and may be extended prior to its expiration by written agreement of the parties.

Proxy Agreement. Pursuant to the proxy agreement, the owners of Hongli Group irrevocably granted a Hongyuan designee the right to exercise all voting rights of the owners with respect to their ownership interests in accordance with applicable laws and each Hongli Group company's governing charters. This agreement may not be terminated without the unanimous consent of all parties, except that Hongyuan may terminate the proxy agreement with or without cause upon 30-day written notice to the owners.

Recent $44 Million Private Placement Financing

On March 11, 2010, we completed two private placement financings, pursuant to exemptions under Regulation S and Regulation D respectively, in which we sold and issued units consisting of common stock and common stock warrants, for a purchase price of USD $6.00 per unit, resulting in aggregate proceeds of $44 million (collectively referred to as the "financing"). Each unit consisted of one (1) share of common stock and a warrant for the purchase of 0.5 shares of common stock with an exercise price of $12.00 per share. The investor warrants are exercisable for a period of five years from the date of issuance. The financing was conducted pursuant to Securities Purchase Agreements dated February 5 and March 10, 2010, in two closings. On the initial closing date of February 5, 2010 ("Initial Closing"), the Company issued a total of 1,180,892 shares of common stock, and warrants for the purchase of 590,446 shares of common stock, to investors. On the second closing on March 11, 2010 (the "Final Closing"), we sold and issued 6,164,043 of our units (consisting of 6,164,043 shares of common stock, and warrants for the purchase of 3,081,188 shares of common stock with an exercise price of $12.00 per share), at a purchase price of USD $6.00 per unit, to both U.S. investors and non-U.S. persons. Each unit consisted of one (1) share of common stock and a warrant for the purchase of 0.5 shares of common stock with an exercise price of $12.00 per share. The investor warrants issued in the Final Closing are exercisable for a period of five years from the date of issuance, however unlike the warrants issued in the Initial Closing they are also callable at our election six months after the date of issuance if our common stock trades at a price equal to at least 150% of the exercise price (or $18.00 per share) with an average trading volume of at least 150,000 shares of Common Stock (as adjusted for any stock splits, stock dividends, combinations and the like) per trading day for at least 10 consecutive trading days and provided that the underlying shares of common stock are registered under an effective registration statement.

In connection with the foregoing, we entered into a registration rights agreement with the U.S. investors pursuant to which the Company agreed to file a registration statement to register both the shares of common stock, and the common stock underlying the warrants, issued in the financing, within 60 days after the closing date of March 11, 2010. We agreed to use our best efforts to have the registration statement declared effective by the SEC within 120 days (or 180 days in the event of a full review of the registration statement by the SEC) of the Final Closing, subject to certain exceptions. We also agreed to undertake commercially reasonable efforts to register the shares of common stock and the shares of common stock underlying warrants issued to the non-U.S. investors in the financing.

Madison Williams and Company, LLC ("Madison Williams") and Rodman & Renshaw, LLC ("Rodman & Renshaw"), a wholly owned subsidiary of Rodman & Renshaw Capital Group, Inc. (collectively the "placement agents"), acted as joint placement agents in connection with the financing. Under a placement agent agreement between us and these placement agents dated March 8, 2010 (and executed and delivered on March 11, 2010), we agreed to pay the placement agents a cash fee equal to seven percent (7%) of the aggregate gross proceeds from the sale of securities to the U.S. accredited investors, plus reimbursement of fees and expenses, and reasonable fees and expenses of placement agent legal counsel. In addition, under the placement agreement, we agreed to issue warrants for the purchase of up to 250,000 shares of common stock, with an exercise price of $6.00 per share, containing terms and provisions otherwise similar to the terms provided under the investor warrants described above. We issued the foregoing warrants to the placement agents on March 11, 2010. In addition, we also separately agreed to issue warrants to Madison Williams for the purchase of up to 117,163 shares of common stock with an exercise price of $12.00 per share, containing terms and provisions otherwise similar to the investor warrants, as compensation for placement agent services in relation to the sale of our securities to the non-U.S. investors in the financing.

The financing resulted in total gross proceeds to the Company of $44 million, and the issuance by us of a total of 7,344,935 shares of common stock, and five-year warrants for the purchase of an additional 3,789,631 shares of common stock with an exercise price of $12.00 per share and five-year warrants for the purchase of 250,000 shares of common stock with an exercise price of $6.00 per share. The proceeds from this financing will be used to finance our expansion plans (see “Expansion Plans” on page 31 of this prospectus).

Principal Products

SinoCoking's principal product is coke, which it produces from coal that it mines as well as coal that it purchases. We produce and sell two types of coke, metallurgical coke primarily used in steel manufacturing and chemical coke (also known as gas coke in the PRC) used mainly for synthesis gas production. We also produce and sell coal, including raw coal, "washed coal" (which is processed coal that is ready for coking), and "medium coal" and coal slurries (both of which are byproducts of the coal-washing process). We also use byproducts from our coke manufacturing process to produce and sell coal tar. During the fiscal year ended June 30, 2010, we produced approximately 138,000 metric tons of coke, 243,000 metric tons of raw coal and 5,000 metric tons of coal tar, as compared to approximately 154,648 metric tons of coke, 261,000 metric tons of raw coal and 7,510 metric tons of coal tar during the fiscal year ended June 30, 2009.

Description of Operations

Overview

We are based in Henan Province in the central part of China, known as a coal-rich region of the country. Our operations are located in Baofeng County, a part of Pingdingshan Prefecture south of the provincial capital of Zhengzhou. We extract coal from a mine in Zhaozhuang Village in Baofeng County, and truck the coal to our plant site in the adjacent Hangzhuang Village, where the bulk of the coal is processed and used by us to make coke. Finished coke is loaded onsite onto railcars on SinoCoking's private rail line and transported to customers through the connected state-owned rail system. Castoffs of the coal-washing process are sold to industrial end users and traders primarily as fuel for electricity and heat. Coal tar is extracted from the gas emitted during the coking process and sold, and the gas is then piped into an onsite electric plant to produce electricity to power SinoCoking's operations. Excess electricity, if any is generated, is sold to the state-owned electricity grid.

Coal Mining Operations

Through Hongchang Coal, a subsidiary of Hongli, SinoCoking currently operates underground coal mines that are accessible by public and private roads. Coal extracted from these mines consists of bituminous coal, and based on historical mining activity, approximately 8% of the coal extracted from these mines typically possesses properties that meet the requirements for coking (metallurgical) coal; however, this percentage varies depending on mine conditions and particular area of the seams mined.

The site of these mines originally encompassed four separate coal mines: Yongshun, Tanglishu, Liangshuiquan and Zhaoxi, which were separately operated by parties unrelated to SinoCoking pursuant to resource mining permits effective from January 2003 through May 2007. In 2005, Hongli acquired the resource mining permits and the mining rights for all of these mines, assumed the ongoing mining operations, and initiated a consolidation of the mines, which was completed in 2006. In July 2007, the Henan provincial government granted Hongchang Coal a new resource mining permit for the consolidated mine commonly known as the Baofeng Mine, and referred to in the mining permit and throughout this report as the "Hongchang Mine." For further information regarding our mining properties and rights, see the section below entitled "Property Plant and Equipment."

Coal is extracted from the Hongchang Mine using the "room and pillar" method, in which a coal stratum is divided into horizontal planes and the coal is removed from each plane while leaving "pillars" of un-mined materials as supports, working from the uppermost plane down. Each plane is further divided into grids to determine the optimal pillar placements. Drilling and blasting techniques are used to extract the coal.

All raw coal is loaded and transported by a chain conveyor into crates which are carried out to the surface by an electrical winch. Each crate carries approximately 2.5 metric tons, and approximately 400 crates are carried to the surface during each 24-hour mining shift. Rock material is used for floor ballast with the excess sent to the surface for disposal. Air compressors are provided for underground air tool use. Electrical power is supplied internally from our own power stations through state-owned power lines, and supplied to the underground work site through a double-circuit cable designed to mitigate and circumvent potential power supply disruptions.

Normal water inflow into the mine is controlled by a system of ditches, sumps, pumps and drainpipes installed throughout the mine tunnels. The mine's ventilation system includes an exhaustive fan on the surface of the main incline. Auxiliary fans are used as needed. The present mine fan is capable of satisfying ventilation demands of the mining operation.

The annual coal production volumes of the Hongchang Mine for the years ended June 30, 2006 to 2010, are as follows:

Fiscal Year	Annual Production (metric tons)
2006	143,536
2007	134,638
2008	204,991*
2009	260,938*
2010	242,878*

* While production volume in fiscal 2008, 2009 and 2010 exceeded the amount specified on Hongchang Coal's coal production permit, such practice is common in Henan Province, and was accepted by the government because the mining right for the extracted coal and taxes from sales of such coal were paid.

The extracted coal is trucked to our processing plant located approximately two kilometers from the mine site for washing and sorting at our coal washing facility. Samples are taken prior to and after the coal washing process to analyze and determine coking readiness based primarily on moisture, ash, sulfur and volatile contents. Out of the washed coal produced by SinoCoking, a portion may or may not be sold to customers as washed coal, and certain portions of washed coal, provided that it meets certain chemical and thermal requirements, is used by the Company to make coke.

Coal Trading

In addition to mining coal, SinoCoking also engages in coal trading for profit. Depending on market conditions, SinoCoking may broker coal from small independent mine operators in our surrounding areas who may lack the means to transport coal from their mine sites or are otherwise unable to sell their coal due the size of their operations. If purchased coal meets requirements for coking, SinoCoking will generally use it to produce coke; otherwise, it holds and sells the coal when market conditions are favorable. For the fiscal year ended June 30, 2010, SinoCoking acquired approximately 321,019 metric tons of coal from these small mines to trade, as compared to approximately 110,868 metric tons for the fiscal year ended June 30, 2009.

Total annual coal purchases from third parties by SinoCoking for the years ended June 30, 2006 to 2010, were as follows:

Fiscal Year	Annual Purchases (metric tons)
2006	40,152
2007	78,393
2008	189,741
2009	169,100
2010	336,014

Washed Coal

SinoCoking operates a coal-washing facility at our plant site that is capable of processing up to 750,000 metric tons of coal per year. Under current Chinese coking industry standards, raw coal with no more than 1% sulfur content is deemed suitable for coking, although other factors are also considered. Thus, in addition to low sulfur content, the industry preference is for lower ash content and volatile matter. While much of the coal from the Hongchang Mine is generally suitable for coking based on these parameters, the coal must nevertheless be washed before it is ready for the coking ovens, in order to reduce ash and sulfur content, and to increase thermal value. SinoCoking uses a water-based jig washing process, which is prevalent in China. SinoCoking uses both underground and recycled water for our coal washing operations. Sorting machines that can process up to 600 metric tons per hour sort the washed coal according to size. Washed coal is also typically blended with other coal in order to achieve the proper chemical composition and thermal value for coking.

Approximately 1.33 - 1.38 metric tons of raw coal yield 1 metric ton of washed coal. The bulk of the washed coal produced is intended for SinoCoking's coking plant, although on occasion it sells small amounts if the pricing is favorable. In addition to washed coal, the coal-washing process produces two byproducts:

(1) "Medium" coal (sometimes referred to as "mid-coal"), a PRC coal industry classification, is coal that does not have sufficient thermal value for coking, and is mixed with raw coal and even coal slurries, and sold for electricity generation, and domestic and industrial heating applications; and

(2) Coal slurries, sometimes called coal slime, are the castoffs and debris from the washing process. Coal slurries can be used as a fuel with low thermal value, and are sold "as is" or mixed with "medium" coal to produce a blended mixture.

SinoCoking's approximate annual production volumes of washed coal and the two byproducts of the coal-washing process for the years ended June 30, 2006 to 2010 were as follows:

	Annual Production (metric tons)		
Fiscal Year	Washed Coal	Medium Coal*	Coal Slurries*
2006	98,574	12,400	15,200
2007	208,317	27,200	33,300
2008	297,120	40,700	49,700
2009	243,958	32,800	40,100
2010	217,852	43,570	29,047

** Estimated by management based on quantities of raw coal used as input for coal washing operations.

Coke Manufacturing

Coke is a hardened, solid carbonaceous residue derived from low-ash, low-sulfur bituminous coal from which the volatile constituents are driven off by baking in an oven without oxygen at high temperatures so that the fixed carbon and residual ash are fused together. Volatile constituents of the coal include water, coal-gas, and coal-tar. SinoCoking produces two types of coke: metallurgical coke and chemical coke.

Metallurgical coke is primarily used for steel manufacturing. Chemical coke, commonly referred in China to as gas coke, is mainly used in China to produce synthesis gas, a gas mixture largely of hydrogen and carbon monoxide that is combustible and often used as a fuel source or as an intermediate for the production of other chemicals including methanol, formaldehyde and ammonia. China has exacting national standards for coke, based upon a variety of metrics, including most importantly, ash content, volatilization, caking qualities, sulfur content, mechanical strength and abrasive resistance. Typically, metallurgical coke must have more than 80% fixed carbon, less than 15% ash content, less than 0.8% sulfur content and less than 1.9% volatile matter. Chemical coke, on the other hand, must have more than 80% fixed carbon, less than 18% ash content, less than 1% sulfur content and less than 3% volatile matter. According to national standards, metallurgical coke is classified into three grades – Grade I, Grade II and Grade III, with Grade I being the highest quality – and chemical coke is its separate grade. Generally, customers do not provide specifications for coke, except that SinoCoking may occasionally make requested adjustments, for instance to moisture content, as requested by customers from time to time. The amount of each type of coke that SinoCoking produces is based on market demands, although historically its customers have only required Grade II and III metallurgical coke. For the fiscal year ended June 30, 2010, 100% of the coke produced by SinoCoking was Grade II. For the fiscal year ended June 30, 2009, approximately 76.96% of the coke produced by SinoCoking was Grade II, 15.57% was Grade III, and the balance, 7.47%, was chemical coke.

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Metallurgical coke and chemical coke are produced using an identical manufacturing process. SinoCoking produces coke onsite from a series of three WG-86 Type coke ovens lined up in a row with an annual capacity of 250,000 metric tons. SinoCoking's metallurgical coke has typical characteristics of 85% fixed carbon, less than 12% ash, less than 1.9% volatile matter and less than 0.7% sulfur. SinoCoking's chemical coke, on the other hand, has typical characteristics of more than 80% fixed carbon, less than 18% ash, less than 3% volatile matter and less than 0.8% sulfur.

Coal that is either extracted from the Hongchang Mine or purchased by SinoCoking and processed at its coal-washing facility is sent to a coal blending room where it is crushed and blended to achieve an optimal coking mixture. Samples are taken from the coal blend and tested for moisture, chemical composition and other properties. The crushed and blended coal is transported by conveyor to a coal bin to be fed into the waiting oven below.
After processing through the three temperature-controlled ovens at temperature of 1200°C (2,192 °F), hot coke is pushed out of the oven chamber onto a waiting coke cart, transported to an adjacent quench tower where it is cooled with water spray, and hauled to a platform area adjacent to SinoCoking's private rail line to be air-dried. Coke samples are taken at several stages during the process and analyzed in our testing facility, and data is recorded daily and kept by technicians. After drying, the coke is sorted according to size to meet customer requirements.

SinoCoking's annual production volumes of metallurgical coke and chemical coke for the years ended June 30, 2006 to 2010 are as follows:

	Annual Production (metric tons)		
Fiscal Year	Metallurgical Coke	Chemical Coke	Total
2006	48,321	23,699	72,020
2007	88,364	61,800	150,164
2008	147,773	78,145	225,922
2009	143,092	11,550	154,648
2010	138,417	0	138,417

Substantially all of the coal from the Hongchang Mine that is suitable for coking is used to make coke after the coal washing process. The amount of metallurgical-quality coal supplied by the Hongchang Mine, however, is often not sufficient for SinoCoking's full production capacity, and it regularly sources from third parties.

Coke Emissions Recycling

During the coking process, the coal's volatile contents, including water and coal tar, are driven off in gaseous forms when heated in the coke oven. Rather than allowing this coal gas to be emitted into the environment, SinoCoking captures the coal gas for recycling. In the recycling process, coal gas is captured and piped into a cooling tower, where coal tar is separated out of the gas by condensation, and sold to dealers as a fuel byproduct (see section below entitled "Coal Byproducts"). The remaining purified coal gas is then used by SinoCoking to generate electricity, by burning it as a fuel to generate steam that drives steam-powered turbines.

Coal Byproducts

As described above, SinoCoking produces coal tar from the condensation of raw coal gas. Coal tar is an ingredient of coal tar pitch used in the aluminum industry, and can be further refined to create chemicals and additives such as fine phenol, fine naphthalene and modified pitch that can be used as raw material in making concrete sealant, wood treatment compounds, agricultural pesticides and other chemical products. The coal tar industry in China is currently fragmented and populated with many small producers.

SinoCoking's annual production volumes of coal tar for the years ended June 30, 2006 to 2010 are as follows:

Fiscal Year	Annual Production (metric tons)
2006	3,307
2007	7,330
2008	10,870
2009	7,510
2010	5,239

Other coal byproducts of the coking process include benzene, sulfur-based chemicals and methanol, which SinoCoking presently does not produce but plans to do so in the future.

Electricity Generation

After coal tar is separated, the resulting purified coal gas is piped to two onsite 3,000-kilowatt power stations (the Daying power station and the Sunling power station) to generate electricity, each of which has an estimated maximum generating capacity of 26,280,000 kilowatt-hours per year. The electricity that is generated is used primarily to power SinoCoking's operations at the plant and mine site. SinoCoking estimates that the replacement cost of this electricity, if it had to be purchased from the state-owned utility, would be in excess of USD $1 million per year. From time to time, depending on usage and supply and demand conditions, SinoCoking may sell electricity to the Baofeng Power Bureau, which is the local state-owned electric utility company, at rates fixed by applicable regulatory authorities. SinoCoking may also purchase electricity from time to time, as needs arise, from the Baofeng Power Bureau.

Expansion Plans

New Coking Facility. On March 3, 2010, SinoCoking commenced construction on a new state-of-the-art coking facility near the Company's current operations in Pindingshan city, in Henan Province, China. This new facility is expected to have an estimated coke-producing capacity of up to 900,000 metric tons per year, including coal gas-generated power producing capabilities, and the ability to produce an expanded range of other chemical refinery products. SinoCoking presently relies on its three parallel WG-86 type coke ovens, which have certain technical limitations. SinoCoking's current facilities have a production capacity of up to 250,000 metric tons per year. The new coking facility will be capable of utilizing a broader range of coal inputs compared to the company's existing plant, with even lower thermal properties (a G-index as low as 50). Since the average cost of inputs will decrease, this is expected to enable SinoCoking to produce coke at a better profit margin. The new facility is also expected to generate an additional 66.5 million Kilowatt hours of electricity each year from the conversion of heat emitted from the coal-gas powered system, which is used to power steam generators. The new facility will also produce purified coal gas as a fuel source for use by city residents. The Company's plans to provide coal gas to local residents have received approval from the city of Daying, which will involve providing coal gas to consumers at a price per thermal equivalent unit that is an estimated 20% less than the current price of liquid natural gas (LNG), a competing alternative. In addition, SinoCoking anticipates that the new coking facility will expand its product portfolio, enabling it to offer its customers other products such as crude benzol, sulfur, and ammonium sulfate.

Mine Acquisition Program. On February 19, 2010, SinoCoking announced its acquisition program under which it plans to consolidate local area coal mines as a part of the government-directed consolidation of the coal mining industry in the Pindingshan region of Henan Province, China. According to government sources, Henan province in central China is in the process of consolidating coal mines with a production capacity below 300,000 metric tons per year, and will only approve new mines with an output capacity of at least 450,000 metric tons per year. The Henan plan is a part of a general policy in China to consolidate its coal industry in order to improve production efficiency and reduce coal mine accidents. On February 19, 2010 the Company identified ten mine-owning target companies. The aggregate licensed production capacity of the mines operated by these target companies is 1.5 million metric tons per year. In addition, the aggregate coal reserves of these companies is estimated to be 25 million metric tons, based on

Chinese geological standards. The Company is conducting its own due diligence investigation of each prospective target. SinoCoking anticipates acquiring a majority interest in each of these target companies, subject to its due diligence review and at its discretion, before the end of 2010.

Land Use Rights. On December 9, 2008, SinoCoking entered into an agreement with the Henan Province Pingdingshan Municipal Bureau of Land and Resources to permit Hongli to acquire land use rights for up to 1,270,000 square meters of industrial-zoned vacant land in Baofeng County. Per the agreement the total cost to acquire these land use rights is $21,954,490 (or RMB 149,860,000). Under the agreement, the Company may, but was not obligated to, pay the foregoing amount to acquire the land use rights, and the Company would not incur any penalty if it did not exercise its option to acquire the land use rights. Hongli could have also acquired rights to all or any lesser portion of the land as it may elect, and the total cost would be pro-rated accordingly. The Pingdingshan Municipal Bureau of Land and Resources granted Hongli an extension of the option exercise period November 2009, and accordingly Hongli could have exercised its option to acquire the aforesaid land use rights by making payment by the end of June 30, 2010. The Company decided not to exercise its option to acquire the land use rights and thus no payments in connection with this agreement were made as of June 30, 2010.

Sales and Marketing

With respect to the sale of coke products, SinoCoking typically enters into non-binding annual letters of intent that set forth current year supply quantities, suggested pricing, and monthly delivery schedules with its customers at the beginning of each year. The terms of the letters of intent are usually negotiated during the Annual National Coal Trading Convention organized by the China Coal Transport and Distribution Association. A significant portion of SinoCoking's coke sales in fiscal 2008 were made through attendance at this convention. Changes in delivery quantity and pricing, which is based on open market pricing at the time of delivery, must be documented in a final written contract on a 30-day advance notice submitted by the party making the change and accepted by the other party. Almost all of SinoCoking's current customers enter into these non-binding annual letters of intent, and are generally required to make payment upon delivery of each shipment of product. Other customers are asked to prepay for their orders. In pricing its products, SinoCoking considers factors such as the prices offered by competitors, the quality and grade of the product sold, the volume in national and regional coal inventory build-up and forecasted future trends for coal and coke prices. The remaining portion of SinoCoking's coke sales is derived from purchase orders placed by customers throughout the year when they require additional coke.

SinoCoking has a flexible credit policy and adjusts credit terms for different types of customers. Depending on the customer, SinoCoking may allow open accounts, or require acceptance bills or cash on delivery. SinoCoking considers the creditworthiness and the requested credit amount of each customer when determining the appropriate payment arrangements and credit terms, which generally do not exceed a period over 90 days. SinoCoking evaluates the creditworthiness of potential new customers before entering into sales contracts and reassesses customer creditworthiness on an annual basis. For customers without an established history, SinoCoking requires immediate settlement of accounts upon delivery.

Coke Sales. SinoCoking's annual sales volumes of coke for the years ended June 30, 2006, 2007, 2008, 2009 and 2010, and the weighted average selling price per metric ton for each fiscal year, were as follows:

	Coke Sales		
Fiscal Year	Annual Sales* (metric tons)	Weighted Average Price Per Ton (USD)	
2006	71,159	$	121
2007	152,049	$	159
2008	225,779	$	249
2009	154,631	$	197
2010	132,911	$	208

* Includes sales of metallurgical coke and chemical coke.

Raw Coal Sales. SinoCoking's annual sales volumes of raw coal for the years ended June 30, 2006, 2007, 2008, 2009 and 2010, and the weighted average selling price per ton for each fiscal year, were as follows:

Raw Coal Sales

Fiscal Year	Annual Sales* (metric tons)	Weighted Average Price Per Ton (USD)
2006	52,578	$ 26
2007	44,626	$ 42
2008	20,737	$ 18
2009	229,480	$ 58
2010	369,379	$ 62

* Includes raw coal sold to customers consisting of coal extracted from the Hongchang Mine as well as coal purchased by SinoCoking as part of its coal trading activities, and includes raw coal and raw coal/medium coal/coal slurry mixtures. These figures exclude any raw coal used internally in SinoCoking's operations as raw material to produce washed coal and coke.

The weighted average price per metric ton shown in the above table reflects the weighted average price per metric ton of coal product sold by SinoCoking in the period shown. Sales prices per metric ton are influenced largely by the quality and composition of the coal product sold. For instance, in 2008 the Company sold relatively little raw coal, and the composition of raw coal products sold in 2008 consisted largely of lower-value product such as coal slurry. Generally, the thermal value of the coal, together with its chemical composition and other properties such as moisture, ash, sulfur, and other chemical content, affect the price at which the Company can sell coal. Sale prices for raw coal are also affected by general market conditions, supply and demand.

Washed Coal Sales. SinoCoking's annual sales volumes of washed coal for the years ended June 30, 2006, 2007, 2008, 2009 and 2010, and the weighted average selling price per ton for each fiscal year, were as follows:

Washed Coal Sales

Fiscal Year	Annual Sales (metric tons)	Weighted Average Price Per Ton (USD)
2006	6,645	$ 64
2007	45,734	$ 64
2008	1,860	$ 86
2009	55,360	$ 118
2010	55,598	$ 127

The weighted average price per metric ton shown in the above table reflects the weighted average price per metric ton of coal product sold by SinoCoking in the period shown. The Company's sales prices per ton of washed coal are heavily influenced by the quality and composition of the coal product sold. Washed coal prices are also influenced by general market conditions in the washed coal market, i.e., aggregate supply and demand.

Coal Tar Sales. SinoCoking's annual sales volumes of coal tar for the years ended June 30, 2006, 2007, 2008, 2009 and 2010, and the weighted average selling price per ton for each fiscal year, were as follows:

Coal Tar Sales

Fiscal Year	Annual Sales (metric tons)	Weighted Average Price Per Ton (USD)
2006	3,307	$ 195

2007	7,330	$	200
2008	10,756	$	278
2009	7,646	$	153
2010*	6,182	$	214

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SinoCoking produces coal tar as a byproduct of the coking process, however, it currently does not have a separate process for refining and preparing coal tar to create a homogenous coal tar product. Accordingly, the quality and characteristics of coal tar produced varies from time to time (depending on inputs), based on such factors as thermal value, and moisture, ash, sulfur, and other chemical contents, and this affects the price at which the Company can sell its coal tar. The price of coal tar sold by the Company is also affected by overall market demand and supply, which is influenced by a variety of factors which may include higher prices for oil and oil derivatives, stronger demand for construction materials, fertilizers, and related industrial chemicals.

Customers

SinoCoking sells all of its products within China. Its four biggest customers collectively accounted for approximately 93 % of SinoCoking's total sales revenue in fiscal 2010 as follows:

- Hunan Loudi Zhongyuan Trading Co. Ltd. accounted for approximately $25.72 million in revenue, representing approximately 43.6% of total sales;

- Wuhan Tieying Trading Co., Ltd. accounted for approximately $20.13 million in revenue, representing approximately 34.1% of total sales;

- Daye Xinye Special Steel Co., Ltd. accounted for approximately $7.11 million in revenue, representing approximately 12% of total sales; and

- Wuhan Railway Zhongli Group Co., Ltd. accounted for approximately $2.15 million in revenue, representing approximately 3.65% of total sales.

By product types, SinoCoking's largest coke customer was Hunan Loudi Zhongyuan Trading Ltd, which accounted for 61.66% of the coke sold in fiscal 2010; Wuhan Tieying Trading Ltd was the biggest coal customer, accounting for 66.52% of the coal sales in fiscal 2010; and Wang Fashun, who accounted for 14.64% of the coal tar sold in fiscal 2010, was the single largest coal tar customer.

Company sales personnel conduct routine visits to customers. SinoCoking has long-standing relationships with these customers, and management believes that these relationships are stable.

Transportation and Distribution

SinoCoking owns and operates a private rail track 4.5 kilometers in length that connects SinoCoking's plant to the Chinese national railway system at both the East Pingdingshan Railway Station and the Baofeng Railway Station. Industrial loaders load coal and coke from SinoCoking's platform onto railcars to be transported to customers primarily in central and southeastern China in the provinces of Henan, Hubei, Hunan and Fujian. SinoCoking's private railway permits it to exercise control over the transportation cost and execution of its products. Customers can also arrange for trucks to take delivery of products from the plant site.

Competitors

SinoCoking competes primarily with coal and coke producers in the central, eastern and southern regions of China, such as Shanxi Coking Co., Ltd., a major coke producer, and Shenhua Group, a major coal producer. SinoCoking also competes against Pingdingshan Coal Group, the largest regional coal producer, which also sells coke and coal tar. Local coke competitors include Hongyue Coke Factory, Dongxin Coke Factory and Hongjiang Coke Factory. In addition, SinoCoking competes against coal washing operations such as Fange Zhuang Washing Factory. Competitive factors include geographic location, quality (i.e. thermal value, ash and sulfur content, washing and processing, and other characteristics), and reliability of delivery.

Suppliers

Since SinoCoking requires substantially more coking coal than what the Hongchang Mine produces, SinoCoking also sources coal from local coal mines. SinoCoking mainly purchases from local and other coal producers from other provinces. In fiscal 2010, Pingdingshan Shilong District Zhaoling Industrial Coal Ltd supplied 29.2% of SinoCoking's coal purchases, and Pingdingshan Shilong District Tianyuan Coal Ltd supplied an additional 22.2%. These suppliers are able to supply SinoCoking with coal of such qualities and quantities consistent with SinoCoking's coking requirements, and their proximities to SinoCoking's plant also afford convenience. In September 2010, the Company entered into an agreement with Zhengyun Coal Distribution Co., Ltd. ("Zhengyun Coal") to purchase up to 3 million metric tons of raw and clean coal annually. Zhengyun Coal is a subsidiary and the sales division of Zhengzhou Coal Industry Group, a Shanghai Stock Exchange listed company (ticker 600121) and one of the top six state-owned coal mining companies in Henan Province. The strategic cooperation agreement with Zhengyun Coal will provide the Company with up to 2 million metric tons of raw coal and 1 million metric tons of washed coal. Pursuant to this agreement, the Company has signed monthly purchase orders for August and September deliveries for raw coal at $87 per metric ton, and the Company has also orally reached an agreement to set the washed coal price at $141-$151, both of which are below current market prices and at levels enjoyed by large state-owned enterprises in China. Zhengyun Coal has also agreed verbally to give the Company the option to take monthly delivery up to 250,000 metric tons of raw and washed coal, but it is not obligated to exercise such option.

As with its coke and coal sales, SinoCoking meets its coking coal needs by entering into non-binding annual letters of intent with these suppliers that set forth supply quantities, suggested pricing and monthly delivery schedules at the beginning of the year. Subject to changes in delivery quantity and pricing, which is based on the open market price of metallurgical coal at the time of delivery and agreed to by the parties, SinoCoking generally makes payment upon each delivery throughout the year.

SinoCoking believes that it has established stable cooperative relationships with these suppliers. At the same time, SinoCoking can readily find other sources of metallurgical coal that is close to its plant, as Henan Province is one of China's coal producing centers. Further, the Company also started to import coal materials from outside of Henan province in order to reduce the risk of supply fluctuations in Henan province.

SinoCoking's other principal raw materials include water, which is provided without charge in the form of treated underground water by the operator of the Hangzhuang Coal Mines, and electricity, most of which SinoCoking generates onsite from its own power stations and which is supplemented from the local state-owned utility as needed. SinoCoking also requires wood and steel for its operations, and sources these materials from close-by suppliers on a per purchase order basis. These materials are readily available and there is no shortage of suppliers to choose from.

Employees

SinoCoking currently has 545 employees, of which 385 are mine workers, 122 are coking plant workers, and 38 are employed in an administrative or executive capacity. Since December 31, 2009, our management made certain changes to personnel job descriptions resulting in a reduction in the number of employees categorized as "administrative or executive." Both the mining operations and the coking plant operate year round in three shifts of eight hours per day. In compliance with the Employment Contract Law of PRC, SinoCoking has written contracts with all of their employees. SinoCoking considers its relationship with its employees to be good.

Research and Development

As of the year ended June 30, 2010, SinoCoking did not conduct any research and development activities. SinoCoking does plan to initiate a program focusing on the extraction of chemicals from coal, and the anticipated costs and benefits of the production and sale of such byproducts is being considered.

Intellectual Property

SinoCoking currently has no patents, trademarks, in-bound or outbound licenses, franchises, or royalty arrangements.

Regulation

SinoCoking operates in an industry that is highly regulated by local, city and provincial government authorities in the PRC. Applicable regulations include those relating to safety, production, environmental, energy use and labor. While it is not practicable to summarize all applicable laws, the following is a list of names of significant laws and regulations that apply to our business:

Laws and regulations concerning safety of coal mines:

- Law of Mine Safety
- Production Safety Law, which applies to production activities in general.
- Law of the Coal Industry
- Regulations on Coal Mine Safety Supervision and Inspection
- Regulations on Coal Mine Explosives Control
- Special Provisions for the Prevention of Coal Mine Incidents
- Requirements for Basic Production Conditions for Coal Mines
- Penalties for Coal Mine Safety Violations
- Penalties for Production Safety Violations

Laws and regulations concerning environmental protection and energy conservation:

- Law of the Prevention and Control of Solid Waste Environmental Pollution, which applies to entities whose production activities may generate pollutive solid waste.
- Law of the Prevention and Control of Atmospheric Pollution, which set restrictions in coal burning and emissions that cause air pollution.
- Mineral Resources Law, which regulates the extraction of mineral resources including coal.
- Law Regarding the Prevention and Control of Water Pollution, which regulates pollution of underground water caused by mining activities.
- Land Administration Law, which restricts mining activities on agricultural land.
- Law of Prevention and Control of Radioactive Pollution, which regulates and prohibits the release of radioactive pollution caused by certain mining activities.
- Laws of Water and Soil Conservation, which regulates mining activities with the aim of preventing soil erosion.
- Environmental Protection Law, which contains certain general provisions that apply to the operation of coal mines.

Laws and regulations concerning labor:

Labor Law, which protects workers, and contains provisions that apply to a broad range of industry including the mining industry.

Environmental Protection Measures

SinoCoking incorporates measures to reduce the environmental impacts of its operations. SinoCoking’s large-sized furnace reduces the frequency of coal loading and trundling, thereby reducing the amount of dust and soot that is generated. SinoCoking captures coal gas emitted during the coking process to generate electricity which it uses in its operations. SinoCoking also recycles water - water that is used for coal washing is treated to remove phenol and other contaminants, and then re-used in the coal washing operation. SinoCoking also uses recycled water, in the form of treated underground water, to quench coke and for its power stations, which is provided without cost by the nearby Hanzhuang Coal Mines, which mining rights are owned and operated by unrelated third parties. Additionally, SinoCoking uses sound insulation to reduce noise pollution, and plants vegetation throughout its plant to help mitigate environmental impacts.

Safety

SinoCoking's management believes that the Company is in material compliance with all laws and regulations that are applicable to it, including safety laws and regulations. SinoCoking’s mining operations employ an automatic hazard detection system as required by the PRC government, which includes air monitoring, automatic power shut-down, and underground worker tracking systems. Companies with mining operations are required to report violations or mining incidents and casualties to the government authorities. Since inception, except for ordinary and minor injuries, SinoCoking has suffered no major accidents and no casualties in connection with its mining operations, and SinoCoking has not suffered any reportable incident. Under PRC law, companies with mining operations are subject to random and periodic safety inspections by government mine regulators. Since inception, SinoCoking has not been found to be in material violation of any mining regulations. As we have no record of violations or mining incidents, management considers our safety record to be excellent.

Property, Plant and Equipment

Real Property and Leasehold Property

As of June 30, 2010, the net book value of our property, plant and equipment, excluding construction-in-progress was $17,100,613. The Hongchang Mine and its related facilities are located in Henan Province. As of June 30, 2010, our mines, land and facilities collectively occupied an area of approximately 748,413 square meters, in a single location in Pingdingshan City in Henan Province. Of this land, the Hongchang Mine cover s 653,400 square meters, and our current coking and coal facilities occupy approximately 96,013 square meters. Under PRC law, we have freely transferable land use rights for a term of 36 years commencing from the respective dates when we acquired such land use rights. Based on our business development requirements, we may seek opportunities to acquire additional land and to obtain the relevant governmental approvals.

As described above, SinoCoking (through its controlled subsidiary Hongli) previously held an option under an agreement with the Henan Province Pingdingshan Municipal Bureau of Land and Resources which provided Hongli the right to acquire land use rights for up to 1,270,000 square meters of additional industrial-zoned vacant land in Baofeng County. Per the agreement, the total cost to acquire these land use rights is $21,954,490 (or RMB 149,860,000) and payment was required to exercise such option by June 30, 2010. As of June 30, 2010, the Company decided that it would not exercise its option to purchase the land use rights and thus no payments were made in connection with the agreement

The map below shows the location of Pingdingshan City in Henan Province, in central China:

Coal Mines and Production Facilities

The Hongchang Mine is located in the central part of Hunan Province. A series of roadways provide access to the Hongchang Mine. Extracted coal is transported by truck to our washing and coking facilities. Coal and coke products are mainly transported to our customers by rail using the national railway system.

The Hongchang Mine originally consisted of four underground mines: the Yongshun mine, the Liangshuiquan mine, the Zhaoxi secondary mine and the Zhaozhuang Tanglishu mine. These mines were positioned adjacent to one another, and although once owned and operated by different parties, these mines made use of common passageways and mine shafts. In June 2005 we acquired the Yongshun mine (built in 1996) and the Zhaoxi secondary mine (built in 1988) from Quinmin Chen. Also in June 2005, we acquired the Liangshuiquan mine (built in 1984) from Minjie Li. In April 2005 we acquired the Zhaozhuang Tanglishu mine (built in 1984) from Liuqing He and Jiti Li. Hongli assumed the ongoing mining operations of these mines and initiated the consolidation of these mines, which consolidation process was completed in 2006. SinoCoking now operates the Hongchang Mine as one unified mining operation.

All portions of the Hongchang Mine are currently in operation, and none of the mines we operate are presently undergoing major repair work. No major renovations are being undertaken for these mines at this time. The Company plans to conduct exploration and development activities once the amount of coal extracted from the Hongchang Mine approaches the maximum estimated amount of proven and probable reserves.

The map below indicates the location of the Hongchang Mine and SinoCoking’s facilities in Pingdingshan:

We are currently extracting raw coal at the rate of 300,000 metric tons per year from the Hongchang Mine. Since acquisition in 2005, we have extracted a total of 986,981 metric tons from the Hongchang Mine, and, prior to this time, the predecessor owners of these mines extracted a total of 345,000 metric tons.

The mining equipment and facilities used in the Hongchang Mine was originally installed in 2005, and generally has an estimated useful life of 5 years; however, it is difficult to predict which mining equipment will require replacement in the future. The total cost of replacement of the plant and equipment used in the Hongchang Mine is approximately RMB 15 million (approximately USD $2.2 million). The total annual average cost of operating the Hongchang Mine, as currently estimated based on an average output per year of 300,000 metric tons per year, is $16 per ton, or an aggregate of approximately $4.78 million per year. The principal pieces of equipment used in our mining operations, including safety system, underground transportation system and loading system, were manufactured in the PRC.

All of our coal mines are underground mines. The following table sets out detailed information for the Hongchang Mine:

	Hongchang Mine
Background data:	
Commencement of construction	1984
Commencement of commercial production	1987
Coalfield area (square kilometers)	0.31
Reserve data:(1)	
Total in-place proven and probable reserves(2)(3)	2,479,000
Mining recovery rate (%) (4)	60%
Coal washing recovery rate (%) (5)	75%
Depth of mines (meters underground)	80 – 200 meters
Average thickness of main coal seams (meters) (6)	First seam: 1.14 meters Second seam: 5.50 meters
Type of coal	Thermal/Metallurgical
Leased/owned	Owned
Assigned/unassigned(7)	Assigned
Sulfur content (%)	
First seam	2.64
Second seam	0.55
Water content (%)	
First seam	0.83
Second seam	1.5
Ash content (%)	
First seam	15.3
Second seam	14.0
Volatility content (%)	
First seam	32.5
Second seam	29.0
Thermal Value (megajoules per kilogram)	
First seam	32.3
Second seam	31.5
Production data: (in metric tons)	
Designed raw coal production capacity (per year)	300,000
Raw coal production:	
2005 and prior	334,000
2006	143,536
2007	134,638
2008	204,991
2009	260,938
2010	242,878
Cumulative raw coal production as of June 30, 2010	986,981

(1) The reserve data including (i) total in-place proven and probable reserves, (ii) mining and coal preparation plant recovery rates; (iii) depth of mine; and (iv) average thickness of main coal seam are based on the relevant information from a report dated November 2005 issued by of our provincial mining authorities, the Regional Geological Survey Team of the Henan Bureau of Geology and Mineral Exploration and Development (the "2005 Mining Report"), and records of the Company. Non-accessible reserves are defined as the portion of identified resources estimated to be not accessible by application of one or more accessibility factors within an area. We note

that the degree of assurance between what would meet the definition of “proven reserves” on the one hand, and “probable reserves” on the other hand, cannot be readily defined. Accordingly, pursuant to the SEC’s Industry Guide 7 – Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations, in the table above we report proven and probable reserves on a combined basis.

(2) In-place reserves refer to coal in-situ prior to the deduction of pillars of support, barriers or constraints. According to the 2005 Mining Report, the Hongchang Mine was initially found to have total estimated reserves and resources of 2.81 million metric tons. 334,000 metric tons were removed during exploration, leaving approximately 2.47 million metric tons of estimated reserves and resources. Of this amount of in-place proven and probable reserves, the Hongchang Mine has a total estimated recoverable coal of approximately 1.22 million metric tons according to the 2005 Mining Report.

(3) All of the Hongchang Mine utilize the room-and-pillar method of underground extraction.

(4) The mining recovery rate represents estimated coal recovered or extracted as a percentage of coal reserves. The Company does not calculate actual recovery rate. For purposes of this table, the Company utilizes an estimate based on applicable geological standards, which may or may not equal the actual recovery rate for extracted coal.

(5) Coal washing recovery rate refers to the rate of recovery of coal in the production of our washed coal products.

(6) The Hongchang Mine contains two major seams, referred to in this table as the “First Seam” and the “Second Seam.”

(7) “Assigned” reserves refer to coal which has been committed to a particular mining complex (mine shafts, mining equipment, and plant facilities), and all coal which has been leased by the company to others. “Unassigned” reserves refer to coal which has not been committed, and which would require new mineshafts, mining equipment, or plant facilities before operations could begin on the property.

Mining Rights

We have mining rights for the Hongchang Mine under a consolidated mining permit dated July 6, 2007 issued by the Office of Land Resources of Henan Province. Hongli initially acquired the resource mining permits and the mining rights to the Hongchang Mine and assumed mining operations in July 2005 when it acquired the Hongchang Mine.

Similar to other coal producers in the PRC, the Hongchang Mine, including the mine site and the underlying coal and other minerals, are owned by the PRC government. Accordingly, the amount of coal that SinoCoking can extract from the mine is based on a mining right issued by the Henan Province Department of Land and Resources. The mining right is issued pursuant to a reserves appraisal report submitted by government authorized mining engineers, upon approval of such appraisal report by the Henan Province Department of Land and Resources. The amount of coal that can be extracted under the mining right represents what we can economically and legally extract under applicable PRC law and regulations and as determined by the Department of Land and Resources.

Under our current mining rights, we are theoretically permitted to extract up to 2,479,000 metric tons of coal from the Hongchang Mine, which represents its estimated in-place proven and probable reserves. Out of the proven and probable reserves, the Pingdingshan Coal Mine Design and Research Institute estimated that 1,215,100 metric tons are recoverable. In August 2007, Hongli made payment of 4.46 million RMB (approximately USD $0.6 million), toward partial payment for its mining rights for the 2,479,000 metric tons of total reserves. An additional payment is anticipated to become due, when charged by the government, in the estimated amount of USD $0.4 million as a final payment in connection with these mining rights. The exact amount of the additional payment will depend on market prices as determined by the Henan Province Department of Land and Resources, and negotiations between us and the Department of Land and Resources. Our current mining rights permit SinoCoking to extract coal from the Hongchang Mine until September 2013, until and unless these rights are extended.

The amount that must be paid for mining rights is generally determined on a per ton basis on proven and probable reserves (and not based on actual recoverable coal), as well as prevailing market prices as determined by the Henan Province Department of Land and Resources. In the event that further exploration results in an extension of estimated proven and probable reserves (if SinoCoking desires to extract these additional reserves), or if SinoCoking will continue mining the Hongchang Mine beyond September 2013, it must then obtain an additional permit from the Henan Province Department of Land and Resources and may be subject to additional fees to acquire or modify its mining rights. We expect that the cost of further exploration in and around the Hongchang Mine would be borne by us. As of June 30, 2010, a total of 986,981 metric tons out of the estimated 1,215,100 metric tons of recoverable reserves have been extracted from the Hongchang Mine. Based on the estimated 1.22 million metric tons of proven and probable reserves that are recoverable per the 2005 Mining Report, the Hongchang Mine has an additional 238,119 metric tons of recoverable coal remaining, and at current extraction rates the Hongchang Mine is expected to exhaust its reserves by the end of calendar 2012. The Company has been conducting additional geological studies, and is expecting to report more coal reserves from this mine to the local mining authority for further mining. SinoCoking notes that the estimated 1,215,100 metric tons of recoverable reserves is a government estimate created and used by local mining authorities to determine permissible extraction rates, the duration of our mining license, and to approve mine designs and that it is subject to revision. SinoCoking also utilizes this estimate for accounting purposes, to amortize its mining rights. Currently estimated recoverable coal may not necessarily be consistent with the results of future mining, engineering and feasibility studies or reports.

Railway Assets

Currently, the Company has rail assets consisting of approximately 4.5 kilometers of special purpose coal transportation railway tracks that serve to facilitate the transportation of coal from the Company’s yard to the national railway system, and ultimately to its customers. SinoCoking does not own its own railcars and locomotives, but instead pays access fees to the PRC government for the use of government-owned and operated railcars and locomotives. These railcars are loaded with coal and coke products at the Company’s yard for delivery through the national railway system.

USE OF PROCEEDS

We will not receive any proceeds from the sale of common stock by the selling security holders. However, we may receive up to approximately $47 million upon exercise of the warrants issued to the investors and placement agents in the financing transactions described above, the underlying shares of which are included in the registration statement of which this prospectus is a part. These warrants may be exercised by their holders using cash, or under certain circumstances they may be exercised by their holders pursuant to a cashless exercise provision. In instances where warrants are exercised without cash, we will not receive any proceeds from the warrants. The exercise of these warrants by their holders will result in the issuance by us of additional shares of common stock. We anticipate that the proceeds received, if any, from the exercise of the warrants, will be used for general corporate purposes, including the funding of our working capital requirements.

All proceeds from the sale of common stock offered by the selling security holders under this prospectus will be for the account of the selling security holders, as described below in the sections entitled “Selling Security Holders” and “Plan of Distribution.” With the exception of any brokerage fees and commissions which are the respective obligations of each of the selling security holders, we are responsible for the fees, costs and expenses of this prospectus and related registration of our shares, which includes our legal and accounting fees, printing costs and filing and other miscellaneous fees and expenses.

SELLING SECURITY HOLDERS

We are registering the following securities:

- 2,343,268 shares of common stock issued to non-U.S. investors;
- 1,171,634 shares of common stock underlying warrants issued to non-U.S. investors;
- 5,001,667 shares of common stock issued to U.S. investors; and
- 2,867,997 shares of common stock underlying warrants issued to U.S. investors and placement agents.

We are registering these securities in order to permit the selling security holders to dispose of the shares of our common stock held by them, from time to time. The selling security holders may sell all, some, or none of their shares that are being registered. See “Plan of Distribution.”

The table below lists the selling security holders and other information regarding the beneficial ownership of the shares of common stock by each of the selling security holders. Column B lists the number of shares of common stock beneficially owned by each selling security holder as of September 24, 2010 (assuming full exercise of the warrants held by such selling security holder, if any). Column C lists the shares of common stock covered by this prospectus that may be disposed of by each of the selling security holders. Column D lists the number of shares of common stock that will be beneficially owned by the selling security holders assuming all of the shares covered by this prospectus are sold. Column E lists the percentage of class beneficially owned by the selling security holders assuming all of the shares covered by this prospectus are sold, based on 20,871,192 shares of common stock issued and outstanding on September 24, 2010.

We cannot provide an estimate of the number of securities that any of the selling security holders will hold in the future. For purposes of this table, beneficial ownership is determined in accordance with the rules of the SEC, and includes voting power and investment power with respect to such securities.

The inclusion of any securities in the following table does not constitute an admission of beneficial ownership by the persons named below. Except as indicated in the footnotes to the table, no selling security holder has had any material relationship with us or our affiliates during the last three years. Except as indicated below, no selling security holder is the beneficial owner of any additional shares of common stock or other equity securities issued by us or any securities convertible into, or exercisable or exchangeable for, our equity securities. Except as indicated below, no selling security holder is a registered broker-dealer or an affiliate of a broker-dealer.

Selling Security Holder Table

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Michael Miller TTEE FBO Aarnel Funding Corp. Pension Plan (5)	37,500(6)	37,500(6)	0	0%
Alder Capital Partners I LP (7)	150,000(8)	150,000(8)	0	0%
Allan Rothstein (9)	22,500(10)	22,500(10)	0	0%
Alpha Capital Anstalt (11)	52,500(12)	52,500(12)	0	0%
Anson Investments Master Fund, LP (13)	37,500(14)	37,500(14)	0	0%
Anthony G. Polak (4) (15)	15,000(16)	15,000(16)	0	0%
Anthony Polak "S" (4) (17)	15,000(18)	15,000(18)	0	0%
Ardsley Offshore Fund, Ltd (19) (317)	30,960(20)	30,960(20)	0	0%
Ardsley Partners Fund II, LP (21) (317)	159,315(22)	159,315(22)	0	0%

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Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Ardsley Partners Institutional Fund, LP (23) (317)	127,065(24)	127,065(24)	0	0%
Atlas Allocation Fund, LP (25)	52,500(26)	52,500(26)	0	0%
Bai Ye Feng (27)	123,750(28)	123,750(28)	0	0%
Barry Honig (29)	62,501(30)	62,501(30)	0	0%
Ben T. Morris (4) (31)	13,500(32)	13,500(32)	0	0%
Bridgeway Asset Management Ltd. (33)	26,250(34)	26,250(34)	0	0%
Brio Capital LP (35)	28,001(36)	28,001(36)	0	0%
Burt Stangarone (4) (37)	18,750(38)	18,750(38)	0	0%
Cape One Financial Master Fund Ltd. (39)	49,500(40)	49,500(40)	0	0%
Capital Ventures International (4) (41)	300,000(42)	300,000(42)	0	0%
Carpe Diem Partners LLC (43)	30,000(44)	30,000(44)	0	0%
Celenian Appreciation Fund, LP (45)	30,000(46)	30,000(46)	0	0%
Clough Asia Fund, Ltd. (47) (318)	12,000(48)	12,000(48)	0	0%
Clough Investment Partners I, LP (49) (318)	44,175(50)	44,175(50)	0	0%
Clough Investment Partners II, LP (51) (318)	5,325(52)	5,325(52)	0	0%
Clough Offshore Fund, Ltd (53) (318)	25,500(54)	25,500(54)	0	0%
Daybreak Special Situations Master Fund, Ltd. (55)	97,500(56)	97,500(56)	0	0%
Del Rey Management LP (57)	37,500(58)	37,500(58)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Domaco Venture Capital Fund (59) (319)	15,000(60)	15,000(60)	0	0%
Don Weir & Julie E. Weir JTTIC (4) (61)	12,000(62)	12,000(62)	0	0%
Don A. Sanders (4) (63)	25,500(64)	25,500(64)	0	0%
Emily Polak (65)	7,500(66)	7,500(66)	0	0%
Empery Asset Master, Ltd (67) (320)	63,000(68)	63,000(68)	0	0%
EOS Holdings, LLC (69)	120,000(70)	120,000(70)	0	0%
Equity Interest, Inc. (71) (319)	7,500(72)	7,500(72)	0	0%
Eugene Rintels Trust (73)	10,500(74)	10,500(74)	0	0%
Excalibur Special Opportunities LP (75)	249,999(76)	249,999(76)	0	0%
Far Ventures, LLC (77)	4,500(78)	4,500(78)	0	0%
Futurtec, LP (79)	37,500(80)	37,500(80)	0	0%
Gemini Master Fund, Ltd (81)	15,000(82)	15,000(82)	0	0%
Greenberg Capital LLC (83)	6,000(84)	6,000(84)	0	0%
Greenview Capital (85)	100,001(86)	100,001(86)	0	0%
Greg Freihofner (87)	12,750(88)	12,750(88)	0	0%
GRQ Consultants, Inc. 401K (89)	147,500(90)	147,500(90)	0	0%
Guerrilla Partners, LP (91) (321)	90,000(92)	90,000(92)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Hammerman Capital Partners, LP (93)(322)	47,501(94)	47,501(94)	0	0%
HCP Opportunity Fund LP (95) (322)	87,500(96)	87,500(96)	0	0%
Hartz Capital Investments, LLC (97) (320)	63,000(98)	63,000(98)	0	0%
Heller Capital Investments (99)	30,000(100)	30,000(100)	0	0%
High Capital Funding, LLC (101)	12,000(102)	12,000(102)	0	0%
Hua-Mei 21st Century Partners, LP (103) (321)	150,000(104)	150,000(104)	0	0%
Hudson Bay Fund LP (105) (323)	307,500(106)	307,500(106)	0	0%
Hudson Bay Overseas Fund Ltd (107) (323)	442,500(108)	442,500(108)	0	0%
Iroquois Master Fund Ltd (109)	52,500(110)	52,500(110)	0	0%
Jamie Polak (4) (111)	7,500(112)	7,500(112)	0	0%
Jayhawk Private Equity Fund II, LP (113)	450,000(114)	450,000(114)	0	0%
Jeffrey Grodko (115)	12,000(116)	12,000(116)	0	0%
Jeffrey A. Grossman (117)	37,500(118)	37,500(118)	0	0%
JW Partners, LP (119)	6,000(120)	6,000(120)	0	0%
Katherine U. Sanders (4) (121)	12,000(122)	12,000(122)	0	0%
Kensington Partners, LP (123)	187,500(124)	187,500(124)	0	0%
Lawrence Kaplan (125)	37,500(126)	37,500(126)	0	0%
Lennox Capital Partners, LP (127)	52,500(128)	52,500(128)	0	0%
Linda Hechter (129)	18,750(130)	18,750(130)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Marc Freeman (131)	18,501(132)	18,501(132)	0	0%
Marion Lynton (133) (317)	5,160(134)	5,160(134)	0	0%
Markets Edge, Ltd (135)	11,250(136)	11,250(136)	0	0%
Michael and Betsy Brauser (137)	75,000(138)	75,000(138)	0	0%
Michael Florence (139)	4,500(140)	4,500(140)	0	0%
Micro Pipe Fund I, LLC (141)	63,000(142)	63,000(142)	0	0%
Mondo Limited (143)	60,000(144)	60,000(144)	0	0%
Mountain Special Sitations Fund LLC (145)	45,000(146)	45,000(146)	0	0%
Next View Capital, LP (147)	225,000(148)	225,000(148)	0	0%
Octagon Capital Partners (149)	60,000(150)	60,000(150)	0	0%
Old Mill Capital Partners, LP (151)	15,000(152)	15,000(152)	0	0%
Option Opportunities Co. (153) (324)	23,750(154)	23,750(154)	0	0%
Osmium Special Situations Fund Ltd (155)	1,475,000(156)	1,475,000(156)	0	0%
Overbrook Capital, LLC (157)	11,250(158)	11,250(158)	0	0%
Paragon Capital LP (159)	123,750(160)	123,750(160)	0	0%
Paul Hickey (4) (161)	26,250(162)	26,250(162)	0	0%
Richard Molinsky (163)	15,000(164)	15,000(164)	0	0%
RL Capital Partners (4) (165)	75,000(166)	75,000(166)	0	0%
Ronald Lazar (4) (167)	7,500(168)	7,500(168)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Sanders 2003 Children's Trust (4) (169) (325)	12,000(170)	12,000(170)	0	0%
Sanders Opportunity Fund (Inst), LP (4) (171) (325)	57,225(172)	57,225(172)	0	0%
Sanders Opportunity Fund LP (4) (173) (325)	17,775(174)	17,775(174)	0	0%
SDS Capital Group SPC, Ltd (175)	26,250(176)	26,250(176)	0	0%
Shira Capital LLC (4) (177)	45,000(178)	45,000(178)	0	0%
Steve Mazur (179)	22,500(180)	22,500(180)	0	0%
Suresh Madan & Sarita Madan (181)	18,750(182)	18,750(182)	0	0%
T Squared China Fund LLC (183) (326)	12,500(184)	12,500(184)	0	0%
T Squared Investments LLC (185) (326)	62,501(186)	62,501(186)	0	0%
Taylor International Fund, Ltd (187)	60,000(188)	60,000(188)	0	0%
The USX China Fund (189)	37,500(190)	37,500(190)	0	0%
Trillion Growth China LP (191)	37,500(192)	37,500(192)	0	0%
Triumph Small Cap Fund, Inc. (193)	6,000(194)	6,000(194)	0	0%
Walter J. Lipinski (195)	6,000(196)	6,000(196)	0	0%
Warberg Opportunistic Trading Fund LP (197) (324)	41,501(198)	41,501(198)	0	0%
Westpark Capital, L.P. (199)	37,500(200)	37,500(200)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Wilmark of Nevada, Inc. (201)	120,000(202)	120,000(202)	0	0%
Aijun Du (203)	477,000(204)	477,000(204)	0	0%
Aili Fan (205)	3,000(206)	3,000(206)	0	0%
Bin Zheng (207)	180,000(208)	180,000(208)	0	0%
Changxi Wang (209)	1,500(210)	1,500(210)	0	0%
Chijie Yang (211)	4,500(212)	4,500(212)	0	0%
Cuihong Ding (213)	3,000(214)	3,000(214)	0	0%
Dongliang Li (215)	156,285(216)	156,285(216)	0	0%
En Li (217)	45,000(218)	45,000(218)	0	0%
Fei Sun (219)	62,973(220)	62,973(220)	0	0%
Fengying Fan (221)	245,973(222)	245,973(222)	0	0%
Guanghao Cheng (223)	46,119(224)	46,119(224)	0	0%
Guo Yang (225)	3,000(226)	3,000(226)	0	0%
Haiyan Wei (227)	3,000(228)	3,000(228)	0	0%
Hanqing Chen (229)	367,647(230)	367,647(230)	0	0%
Huiying Xu (231)	1,500(232)	1,500(232)	0	0%
Jia Yao (233)	3,000(234)	3,000(234)	0	0%
Jianwei Zheng (235)	1,500(236)	1,500(236)	0	0%
Jing Xie (237)	3,000(238)	3,000(238)	0	0%
Jingliang Zheng (239)	3,000(240)	3,000(240)	0	0%
Kunfeng Zhang (241)	570,000(242)	570,000(242)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Kunyang Li (243)	90,000(244)	90,000(244)	0	0%
Lili Wang (245)	435,000(246)	435,000(246)	0	0%
Liming Wang (247)	30,000(248)	30,000(248)	0	0%
Meiping Wang (249)	750(250)	750(250)	0	0%
Nengyi Jiang (251)	6,000(252)	6,000(252)	0	0%
Ning Sha (253)	3,000(254)	3,000(254)	0	0%
Peican Li (255)	15,000(256)	15,000(256)	0	0%
Peijing Li (257)	15,000(258)	15,000(258)	0	0%
Pingsheng Li (259)	9,000(260)	9,000(260)	0	0%
Sanping Lv (261)	1,500(262)	1,500(262)	0	0%
Tong Liu (263)	3,000(264)	3,000(264)	0	0%
Weiwei Zan (265)	1,800(266)	1,800(266)	0	0%
Wenyi Liao (267)	1,500(268)	1,500(268)	0	0%
Xingwu Zhou (269)	180,000(270)	180,000(270)	0	0%
Xushuai Wang (271)	365,223(272)	365,223(272)	0	0%
Yancai Wang (273)	3,000(274)	3,000(274)	0	0%
Yang Wang (275)	98,829(276)	98,829(276)	0	0%
Yansong Sun (277)	4,500(278)	4,500(278)	0	0%
Yaopeng Wu (279)	15,000(280)	15,000(280)	0	0%
Yingying Zhang (281)	4,500(282)	4,500(282)	0	0%
Yufen Jiao (283)	3,000(284)	3,000(284)	0	0%

Name (A)	Securities Beneficially Owned Prior to Offering(1) (B)	Securities Being Offered (C)	Securities Beneficially Owned After Offering (2) (D)	% Beneficial Ownership After Offering (4) (E)
Zhanjun Lou (285)	1,800(286)	1,800(286)	0	0%
Zhengkai Zhu (287)	36,603(288)	36,603(288)	0	0%
Zhonghua Liu (289)	3,000(290)	3,000(290)	0	0%
Zhuli Li (291)	5,400(292)	5,400(292)	0	0%
Madison Williams and Company LLC (3) (293) (327)	98,865(294)	98,865(294)	0	0%
Rodman & Renshaw LLC (3) (295) (328)	54,000(296)	54,000(296)	0	0%
MW Equity Pool LLC (3) (297) (327)	148,298(298)	148,298(298)	0	0%
Ramnarain Jaigobind (4) (299) (328)	20,870(300)	20,870(300)	0	0%
Eric Lord (4) (301) (328)	5,227(302)	5,227(302)	0	0%
Kevin Mangan (4) (303) (328)	2,402(304)	2,402(304)	0	0