



E-COMMODITIES HOLDINGS LIMITED

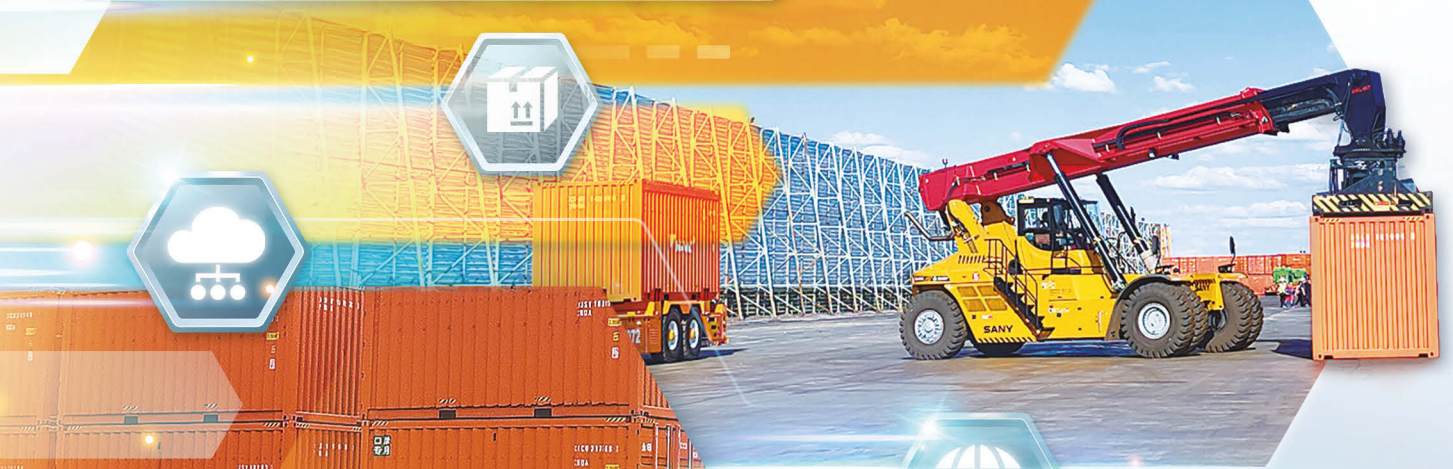
易大宗控股有限公司

(Incorporated in the British Virgin Islands with limited liability)
Stock Code : 1733



2023

INTERIM REPORT





Contents

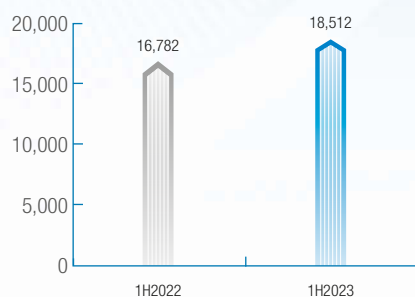
2	Management Discussion and Analysis
17	Other Information
24	Consolidated Statement of Profit or Loss
25	Consolidated Statement of Profit or Loss and Other Comprehensive Income
26	Consolidated Statement of Financial Position
28	Consolidated Statement of Changes in Equity
30	Condensed Consolidated Cash Flow Statement
32	Notes to the Unaudited Interim Financial Report
52	Review Report to the Board of Directors of E-Commodities Holdings Limited



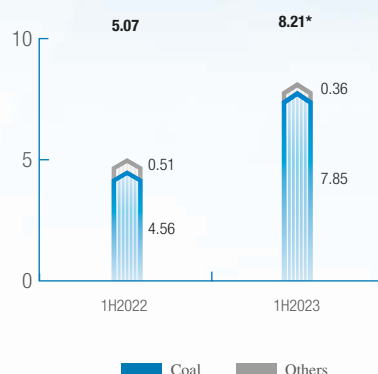
Management Discussion and Analysis

I. OVERVIEW

Revenue (in HK\$ million)

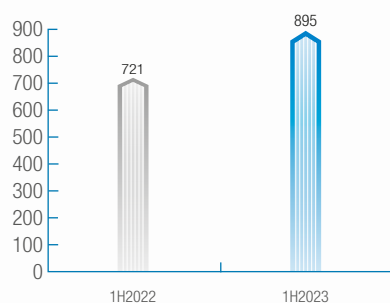


Supply Chain Trading Volume (million tonnes)

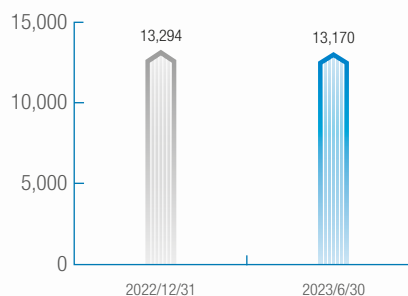


* Excluding trading volume of approximately 4.97 million tonnes of Mongolia coal executed through our associate Xianghui Energy (Xiamen) Co., Ltd. * (象暉能源(廈門)有限公司) (“Xianghui Energy”).

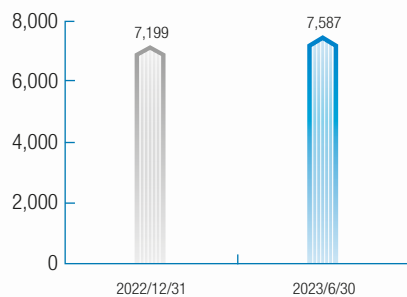
Net Profit (in HK\$ million)



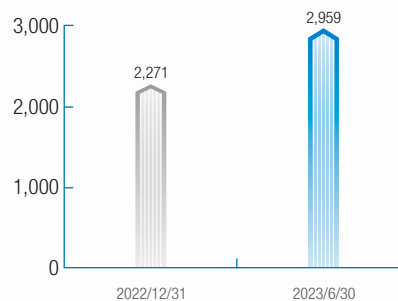
Total Assets (in HK\$ million)



Total Equity (in HK\$ million)



Cash Balance (in HK\$ million)



Management Discussion and Analysis

II. FINANCIAL REVIEW

1. Revenue Overview

For the first half of 2023, the amount of imported coking coal in China increased significantly, leading to a shift towards abundant supply. On the other hand, insufficient downstream demand for restocking led to an imbalanced structure in respect of the demand and supply of coking coal and the continuous transfer of profits downstream in the ferrous industry chain resulted in a downward trend in the coking coal price during the first half of the year. In such a challenging market, the Company recorded a consolidated revenue of approximately HK\$18,512 million, representing an increase of approximately 10.31% compared to approximately HK\$16,782 million for the first half of 2022, mainly due to the following factors:

- (i) The revenue generated from trading of coal increased by approximately 7.61% compared to the same period in 2022, primarily attributable to the increased coal trading volume.
- (ii) With the complete lifting of the pandemic restrictions, the Chinese and Mongolian governments have actively promoted the import of Mongolian coal. The increased import volume has led to an increase in the overall supply chain services volume, resulting in an increase of approximately 134.58% in revenue generated from integrated supply chain services segment compared to the same period in 2022.

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Disaggregated by major products or service lines		
– Coal	14,061,455	13,066,549
– Rendering of integrated supply chain services	3,072,510	1,309,839
– Oil and petrochemical products	1,106,862	2,148,553
– Iron ore	194,140	233,535
– Coke	27,025	16,582
– Others	50,479	7,066
	18,512,471	16,782,124

Management Discussion and Analysis

For the first half of 2023, revenue in the amount of approximately HK\$4,081 million was generated from outside the PRC (including Hong Kong, Macau and Taiwan), representing 22.05% of the total revenue.

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
– The PRC (including Hong Kong, Macau and Taiwan)	14,430,553	12,105,899
– Indonesia	998,118	797,403
– India	639,504	394,378
– South Korea	589,833	1,615,422
– Malaysia	588,303	608,426
– Vietnam	447,112	–
– Mongolia	342,706	7,971
– Netherlands	338,219	999,478
– Japan	138,123	291
– Brazil	–	252,856
	18,512,471	16,782,124

For the first half of 2023, the revenue from our top five customers accounted for 43.12% of our total revenue, whereas such ratio was 37.29% in the first half of 2022. Our top five customers comprise not only large-scale, state-owned steel groups in China, but also other main global players in commodities and steel industry.

Supply Chain Trading

For the first half of 2023, our supply chain trading business sector recorded a revenue of approximately HK\$15,389 million, representing approximately 83.13% of the total revenue. This sector generates income by providing commodities trading services to our end customers, covering diversified commodities including, among others, coal products, oil and petrochemical products, iron ore and coke.

The revenue generated from coal products increased by approximately 7.61% from approximately HK\$13,067 million for the first half of 2022 to approximately HK\$14,061 million for the first half of 2023, mainly due to the increased coking coal trading volume. As the first year subsequent to the complete lifting of the pandemic restrictions, the overall economic situation in China during the first half of the year was centered around “recovery”. According to relevant customs data, from January to June 2023, China imported a total of approximately 45.61 million tonnes of coking coal, representing an increase of approximately 75.02% compared to the same period in 2022.

Management Discussion and Analysis

Integrated Supply Chain Services

Over the years, the Company has continuously invested in the logistic infrastructure at the Sino-Mongolia border. In the first half of 2023, this long-term investment continued to pay off, resulting in a significant revenue growth in the Company's integrated supply chain services segment.

For the first half of 2023, the Company recorded a revenue of approximately HK\$3,073 million from the integrated supply chain services segment, representing an increase of approximately 134.58% compared to approximately HK\$1,310 million for the first half of 2022. This was mainly due to the increased cross-border transportation volume of Mongolian coal. The revenue generated from integrated supply chain services segment contributed approximately 16.60% of the total revenue, representing an increase of approximately 8.8% from the same period in 2022.

With the complete lifting of pandemic restrictions and the strong promotion by the governments of China and Mongolia, the import volume of Mongolian coal increased significantly. Benefiting from the Company's precise deployment of bilateral cross-border logistics assets, the Company has effectively leveraged its ability to integrate logistics resources and its strong cross-border capabilities. This has resulted in an increase in port clearance volume and revenue from the integrated supply chain services segment. Additionally, the Company has pioneered the development of the Automated Guided Vehicle (AGV) unmanned cross-border transportation project, which consistently demonstrated advantages in safety, efficiency, and technology in port cross-border transportation. As a result, the customs clearance efficiency and cross-border capacity of the Company improved.

Business Prospects

As at June 30, 2023, the Company in aggregate invested approximately HK\$5.2 billion in strategic assets. Over the years, its asset deployment has covered along the whole supply chain, including mining service, Mongolia road and rail transportation, cross-border transportation, storage and processing, and domestic rail transportation. In the future, the Company will adhere to the business model of leveraging its logistics advantages to drive trade and promote the integration of logistics services and trading. It will further improve the infrastructure construction of northern Chinese ports, enhance the competitive advantage of comprehensive supply chain services, and become a pioneer contributing to the high quality construction for the northward opening of the country.

Management Discussion and Analysis

2. Cost of Sales and Procurement

Cost of sales for the first half of 2023 was approximately HK\$17,186 million, representing an approximately 12.14% increase compared to approximately HK\$15,325 million for the first half of 2022. This was mainly due to increased business from the integrated supply chain services segment, resulting in increased corresponding costs.

Procurement costs are the main costs incurred from supply chain trading segment. The procurement costs mainly comprise: (i) the purchase price of commodities; and (ii) transportation costs from relevant suppliers to the borders or ports in the relevant countries where the customers are located. The below table sets out our procurement details for different types of commodities.

	Six months ended 30 June			
	2023		2022	
	Procurement volume '000 tonnes	Procurement amounts HK\$'000	Procurement volume '000 tonnes	Procurement amounts HK\$'000
Coal	7,331	12,086,916	4,440	11,484,966
Oil and petrochemical products	124	1,018,469	235	2,083,829
Iron ore	205	186,292	242	210,058
Coke	10	22,728	7	24,243
	7,670	13,314,405	4,924	13,803,096

For the first half of 2023, the total procurement amount was approximately HK\$13,314 million, of which, the procurement amount from top five suppliers accounted for approximately 32.97% and such suppliers are mainly the leading coking coal suppliers in the world. As at 30 June 2023, none of the Director or their close associates (as defined under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), or shareholder of the Company owning more than 5% of the issued shares in the Company, has any interest in any of our suppliers.

Management Discussion and Analysis

3. Operating Gross Profit

The Group recorded an operating gross profit of approximately HK\$1,264 million for the first half of 2023, representing a decrease of approximately 6.92% compared to an operating gross profit of approximately HK\$1,358 million for the first half of 2022.

The operating gross profit has slightly decreased mainly due to the sluggish prices of coking coal in the first half of 2023. In the first quarter of 2023, coking coal prices were generally fluctuating within a narrow range, while in the second quarter of 2023, prices experienced an overall downward trend before stabilising. Additionally, the domestic economic situation fell short of expectations, with a significant influx of imported supply and weak demand in the downstream steel sector, leading to a decline in operating gross profit per ton of coking coal.

4. Administrative Expenses

The Group recorded administrative expenses of approximately HK\$384 million for the first half of 2023, representing an increase of approximately 4.92% compared to administrative expenses of approximately HK\$366 million for the first half of 2022.

5. Staff Costs

	Six months ended 30 June	
	2023 HK\$'000	2,022 HK\$'000
Salaries, wages, bonus and other benefits	382,681	447,771
Contributions to defined contribution retirement plan	7,409	5,911
	390,090	453,682

For the six months ended 30 June 2023, staff costs of the Group included accrued bonus of HK\$85,360,000 (six months ended 30 June 2022: HK\$110,568,000) for the business sector teams, including coking coal and other teams. The factors considered in determining the bonus were business pre-tax profit (calculated by gross profit earned by each business sector team after deducting distributable finance costs and other distributable expenses) made by each business sector team, individual performance, and overall profit of the Group. A certain proportion ranging from 5% - 20% of business pre-tax profit made by each business sector team was distributed to the corresponding business sector team in the form of bonus.

6. Other Net Operating Income

The Group recorded an other net operating income of approximately HK\$154 million for the first half of 2023, compared to the other net operating expenses of approximately HK\$50 million for the first half of 2022. This was mainly due to using derivative instruments for hedging purposes whereby the Company generated approximately HK\$121 million in gains from the futures market.

Management Discussion and Analysis

7. Net Finance Costs

The Group recorded net finance costs of approximately HK\$27 million for the first half of 2023, representing a decrease of approximately 82.58% compared to the net finance costs of approximately HK\$155 million for the first half of 2022. The decrease was mainly due to a decrease in finance costs by approximately 68.05% compared to the amount incurred for the first half of 2022. Such a decrease was primarily attributed to significant fluctuations of exchange rate in the market during the same period in 2022. In the first half of 2023, the Company's business and foreign exchange teams strategically conducted transactions in the course of business in favourable currencies. The Group also strengthened its exchange rate management to reduce exchange rate risk.

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interest income	(27,288)	(14,193)
Finance income	(27,288)	(14,193)
Interest on discounted bills receivable	12,709	16,244
Interest on secured bank and other loans	9,506	25,580
Interest on lease liabilities	16,339	9,223
Total interest expense	38,554	51,047
Bank and other charges	12,938	6,878
Changes in fair value on warrants	–	8,782
Foreign exchange loss, net	2,718	102,398
Finance costs	54,210	169,105
Net finance costs	26,922	154,912

8. Profit attributable to Equity Shareholders and Earnings per Share

The profit attributable to equity shareholders was approximately HK\$845 million for the first half of 2023, representing an increase of approximately 20.20% compared to the profit attributable to equity shareholders of approximately HK\$703 million in the first half of 2022.

Both basic earnings per share and diluted earnings per share were HK\$0.314 for the six months ended 30 June 2023.

9. Interests in Associates

Xianghui Energy commenced operation in October 2019 and is mainly engaged in trading Mongolian coal in the PRC. Xianghui Energy recorded revenue of approximately HK\$10,670 million and net profit of approximately HK\$65 million for the first half of 2023.

TTJV Co. LLC. ("TTJV") commenced operation in March 2012. The investment in TTJV enables the Group to extend to the upstream of the integrated supply chain services. TTJV recorded revenue of approximately HK\$417 million and net profit of approximately HK\$41 million for the first half of 2023.

Management Discussion and Analysis

Summarised financial information of Xianghui Energy and TTJV reconciled to the carrying amounts in the consolidated financial statements is set out below:

	Xianghui Energy		TTJV	
	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Gross amounts of the associate				
Current assets	4,092,767	4,282,231	554,396	264,614
Non-current assets	14,221	13,561	413,543	416,762
Current liabilities	2,659,100	1,743,791	348,629	105,605
Non-current liabilities	2,406	1,063	–	–
Equity	1,445,482	2,550,938	619,310	575,771

	Xianghui Energy		TTJV	
	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
Revenue	10,670,017	3,703,288	417,223	N/A
Profit for the period	65,431	116,071	41,344	N/A
Other comprehensive income	(34,869)	(56,350)	2,195	N/A
Total comprehensive income	30,562	59,721	43,539	N/A
Dividend received from the associate	115,688	100,087	–	N/A

	Xianghui Energy		TTJV	
	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Gross amounts of net assets of the associate	1,445,482	2,550,938	619,310	575,771
Group's effective interest	49%	49%	30%	30%
Group's share of net assets of the associate	708,286	1,249,960	185,793	172,731
Carrying amount in the condensed consolidated financial statements	708,286	1,249,960	185,793	172,731

Management Discussion and Analysis

10. Inventories

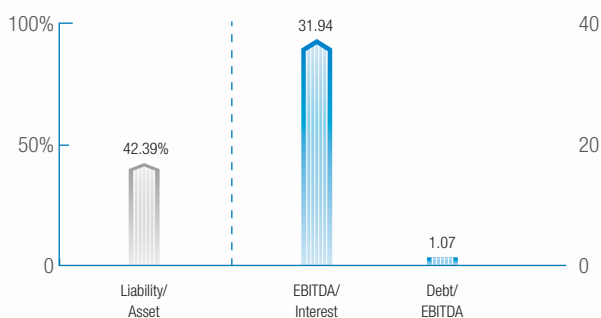
	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Coal	987,191	1,653,434
Others	32,002	95,882
	1,019,193	1,749,316

Inventories as at 30 June 2023 were approximately HK\$1,019 million, representing a decrease of approximately 41.74% compared to approximately HK\$1,749 million as at 31 December 2022. The decrease in inventories was mainly due to the market downturn and lower purchasing costs per ton. The Company made an impairment arrangement of approximately HK\$105 million for the underlying market price after considering the signed contract price and the unsigned contract price subsequent to the Reporting Period.

11. Indebtedness and Liquidity

As at 30 June 2023, the total amount of bank loans owed by the Group was approximately HK\$701 million. Interest rates on these loans range from 2.50% to 8.90% per annum, whereas the range for the same period in 2022 was from 0.25% to 11.35%. The Group's gearing ratio as at 30 June 2023 was 42.39%, which represents a decrease compared to approximately 45.85% as at 31 December 2022. The Group calculates the gearing ratio on the basis of total liabilities divided by total assets.

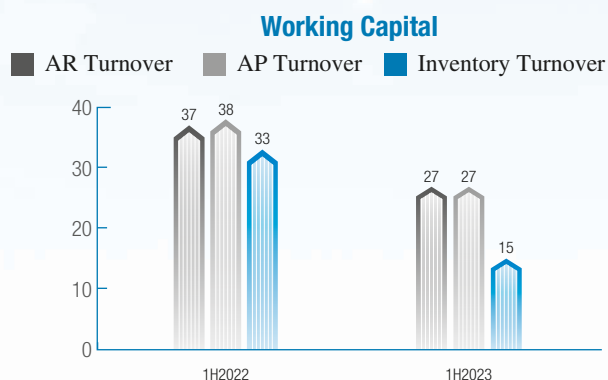
Indebtedness and Liquidity



Management Discussion and Analysis

12. Working Capital

For the first half of 2023, our accounts receivable turnover days, accounts payable turnover days, and inventory turnover days were approximately 27 days, 27 days, and 15 days, respectively. As a result, the overall cash conversion cycle was approximately 15 days.



13. Pledge of Assets

As at 30 June 2023, bank loans amounting to HK\$203,024,000 (31 December 2022: HK\$130,758,000) had been secured by credit guarantee with a guarantee amount of HK\$203,024,000 (31 December 2022: HK\$130,758,000) provided by subsidiaries of the Company.

As at 30 June 2023, bank loans amounting to HK\$136,194,000 (31 December 2022: HK\$295,105,000) together with bills payable amounting to HK\$353,661,000 (31 December 2022: HK\$110,213,000) had been secured by restricted bank deposits with an aggregate carrying value of HK\$123,406,000 (31 December 2022: HK\$22,439,000), property, plant and equipment with an aggregate carrying value of HK\$294,349,000 (31 December 2022: HK\$338,514,000), and land use rights with an aggregate carrying value of HK\$128,620,000 (31 December 2022: HK\$142,822,000).

As at 30 June 2023, bank loans amounting to HK\$275,752,000 (31 December 2022: HK\$472,429,000) had been secured by bills receivable with an aggregate carrying value of HK\$275,752,000 (31 December 2022: HK\$472,429,000).

As at 30 June 2023, bank loans amounting to HK\$85,708,000 (31 December 2022: HK\$69,384,000) had been secured by restricted bank deposits with an aggregate carrying value of HK\$83,528,000 (31 December 2022: HK\$72,353,000).

As at 30 June 2023, bills payable amounting to HK\$1,284,283,000 (31 December 2022: HK\$921,595,000) had been secured by restricted bank deposits with an aggregate carrying value of HK\$626,271,000 (31 December 2022: HK\$574,728,000), bills receivable with an aggregate carrying value of HK\$676,474,000 (31 December 2022: HK\$259,401,000) and accounts receivable with an aggregate carrying value of HK\$137,778,000 (31 December 2022: HK\$173,746,000).

As at 30 June 2023, lease liabilities amounting to HK\$148,757,000 (31 December 2022: HK\$180,712,000) have been secured by property, plant and equipment with an aggregate carrying value of HK\$89,933,000 (31 December 2022: HK\$97,597,000), land use rights with an aggregate carrying value of HK\$36,104,000 (31 December 2022: HK\$38,243,000).

Management Discussion and Analysis

14. Cash Flow

For the first half of 2023, the Group had a net cash inflow from operating activities of approximately HK\$1,716 million compared to approximately HK\$659 million net cash inflow for the same period in 2022. The net cash inflow from operating activities for the first half of 2023 was mainly attributable to cash profit.

For the first half of 2023, the Group had a net cash outflow from investing activities of approximately HK\$586 million compared to approximately HK\$436 million net cash outflow for the same period in 2022. The cash outflow from investing activities for the first half of 2023 was approximately HK\$855 million which was mainly attributable to a cash outflow from logistics assets, coal washing assets and property investments, increased occupation of restricted fund. The cash inflow from investing activities for the first half of 2023 was approximately HK\$269 million, which was attributable to a cash inflow from increased income from financial derivatives and receipt of dividends from associates.

For the first half of 2023, the Group had a net cash outflow from financing activities of approximately HK\$353 million compared to approximately HK\$121 million net cash outflow for the same period in 2022. The net cash outflow from financing activities for the first half of 2023 was mainly attributable to the payment of dividends of approximately HK\$194 million, lease repayments of approximately HK\$131 million and share repurchase payments of approximately HK\$50 million.

In the trading of commodities business, acceptance bills and letters of credit are common payment methods. After receiving an acceptance bill and the letter of credit, the Group will carry out the recourse discount or pledge loan, and deposit the full margin into the bank to issue bills payable. This method has very low risk since these two types of business liabilities use cashable bills and cash pledges, which are regarded as low risk borrowing business. According to applicable accounting standards, although such bills receivable are from sales, the cash received from discounted bills receivable and the pledge loans are classified as financing activities in the cash flow statement. Although the bills payable are from procurements, the Group deposits the full margin into the bank to issue the bills payable, which are classified as investment activities in the cash flow statement. Therefore, in order to explain the Group's business activities more clearly, the impact of the above changes is analysed as follows:

	Six months ended 30 June 2023^(Note 3)	Adjustments	Adjusted six months ended 30 June 2023^(Note 4)
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents at 1 January	2,270,966		2,270,966
Net cash generated from/(used in) operating activities	1,715,764	(231,721)	1,484,043
Net cash generated from/(used in) investing activities	(585,966)	35,044 ^(Note 1)	(550,922)
Net cash generated from/(used in) financing activities	(353,116)	196,677 ^(Note 2)	(156,439)
Effect of foreign exchange rate changes	(88,375)		(88,375)
Cash and cash equivalents as at 30 June	2,959,273		2,959,273

Notes:

1. Full margin deposit for letter of credit
2. Discounted bills and bill pledged loans
3. Derived from consolidated cash flow statement of the Group's interim financial report.
4. Illustrative purpose only.

Management Discussion and Analysis

III. WORKING CAPITAL AND FINANCIAL POLICY

The Group managed its funds by pre-planning and real-time monitoring measures. The Group raised funds through business activities, discount of notes receivable, factoring of accounts receivable, banking facilities from domestic and overseas banks, and bond financing, so as to ensure the expenditure for business operation, loan repayment and capital expenditure. In the first half of 2023, the Group's main financing methods were discounted notes receivable, discounted letters of credit and banking facilities.

The Group has always adopted prudent and stable fund management methods. Internally, by managing the amount of funds quota of each business department, we supervised the business departments to reduce the level of inventory, prepaid accounts and receivables, and demanded advance payment from customers when selling products and providing services, so as to improve the turnover rate of funds and reduce the daily working capital of the business. While we were actively exploring new financing channels, payment by financing leasing was given priority in capital expenditure.

The main currencies of the Company's business and operation were US dollars and Renminbi. For those transactions where purchases were made in US dollars and sales were made in Renminbi, the Company paid close attention to the exchange rate of US dollars to Renminbi. The Company strategically conducted transactions in favourable currencies and used foreign exchange derivatives to mitigate exchange rate fluctuation risks and lock in business profits.

IV. RISK FACTORS

The operation of the Group involves certain risks, some of which are beyond our control. The risks set out below are those that the Group currently believes may materially affect its performance and financial condition. However, this should not be taken as an exhaustive list as there may be additional risks and uncertainties not currently known to the Group, or those which are currently deemed to be immaterial, but may become material in the future and which may adversely affect the Group's business, results of operations, financial condition and prospects.

1. Volatility of Commodities Prices

The market prices of commodities are volatile and are affected by numerous factors that are beyond our control. These including international supply and demand, the level of consumer product demand, international economic trends, global or regional political events and international events, as well as a range of other market forces. The combined effects of any or all of these factors on commodities prices are impossible for us to predict. There can be no assurance that global and domestic commodities prices will continue to remain at a profitable level. Under the circumstances that our business fails to remain at a profitable level, there would be material and adverse effect on our financial condition.

2. Dependence on the Steel Industry

The revenue of the Group was mainly generated from commodities trading services of coking coal products, which is heavily dependent on the demand for coking coal from steel mills and coke plants in China and international market. The steel industry's demand for metallurgical coal is affected by a number of factors including the cyclical nature of that industry's business, technological developments in the steel-making process and the availability of substitutes for steel such as aluminum, composites and plastics.

Management Discussion and Analysis

3. Liquidity Risk

Our policy is to regularly monitor the Group's liquidity requirements and compliance with lending covenants, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in both short and longer term. The Group made great efforts to maintain existing financing facilities and expand to new facilities in banks, state-owned companies, and other financial institutions to satisfy capital requirements of the Group from the development of its trading businesses.

4. Currency Risk

Over 63.15% of the Group's turnover in the first half of 2023 were denominated in Renminbi. Over 62.31% of the Group's procurement costs, and some of our operating expenses, were denominated in US dollars. The exchange rates between Renminbi and US dollars and other currencies vary from time to time due to the influence from the political and economic changes in China and the world, as well as the Chinese governance fiscal and currency policy. Fluctuations in exchange rates may adversely affect the value of the Group's net assets, earnings or any declared dividends as Renminbi is translated or converted into US dollars or Hong Kong dollars. The Group has mostly locked the currency risk of related commodities trading businesses by adopting corresponding exchange rate management policies and derivatives hedging approaches, however, any unfavourable movement in the exchange rate may still lead to an increase in the costs of the Group or a decline in sales, which could materially affect the Group's results of operations.

5. Fair Value Measurement

Certain of the Group's financial assets and liabilities are carried at fair value. Fair value of forward exchange contracts of derivative financial instruments held by the Group is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the Reporting Period plus an adequate constant credit spread.

Management Discussion and Analysis

V. HUMAN RESOURCES

Employee Overview

The Group aims to set up a performance-oriented compensation and benefit system while balancing the internal and external market in different job positions. As at 30 June 2023, the Company had subsidiaries or branch offices in China (including Hong Kong and Macau), Singapore, Mongolia and other countries and regions. The Group has entered into employment contracts with all employees and pays all mandatory social insurances in full in the relevant countries and regions in compliance with the applicable laws and regulations.

As at 30 June 2023, the Group had 1,637 full-time employees (excluding 758 labor dispatch workers in the PRC subsidiaries). Detailed figures by category of employees are as follows:

Functions	No. of Employees	Percentage
Management, administration and finance	156	10%
Front-line production, production support and maintenance	68	4%
Sales and marketing	85	5%
Others (including projects, coal washing and transportations)	346	21%
Cargo drivers (Mongolia)	982	60%
	1,637	100%

Employee Education Overview

Qualifications	No. of Employees	Percentage
Master and above	86	5%
Bachelor	343	21%
Diploma	122	8%
Middle-school (secondary school) and below	1,086	66%
	1,637	100%

Training Overview

Training is essential for the Group to improving the employees' working capabilities and management skills. For the six months ended 30 June 2023, the Group held various internal and external training programs in an aggregate of 117 training hours for 971 participants in total.

Training Courses	No. of hours	No. of participants
Safety	26	499
Management and leadership	38	92
Professional skill	53	380
	117	971

Management Discussion and Analysis

VI. HEALTH, SAFETY AND ENVIRONMENT

The Group attaches great importance to the health and safety of employees and understands the importance of environment protection. The Group uses key indicators, i.e. the Lost Time Injury Frequency Rate, Fatality Incident Rate and Total Recordable Case Frequency to measure how it achieves its commitment. No casualties, environmental accidents or occupational health and safety accidents occurred for the first half of 2023.

In accordance with the Conclusions to its Consultation on the Review of the ESG Reporting Guide and Related Listing Rules published by the Stock Exchange on 18 December 2019, the Company has engaged an independent professional third party to work in consultation on environmental, social and governance matters (“**ESG**”) and issue an ESG report for 2022. The third-party consultant has completed its consultation and training accordingly, to the Directors and ESG relevant staff, on ESG policy changes, compliance requirements, suggested work procedures, and others.

VII. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As at 30 June 2023, the Company had a total of 2,705,996,962 Shares in issue. The Company repurchased a total of 42,832,000 Shares and 1,266,000 Shares on the Stock Exchange during the Reporting Period and July 2023, respectively, among which 36,278,000 repurchased Shares were cancelled in the first half of 2023 and 7,820,000 repurchased Shares will be cancelled in due course.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation ⁽¹⁾
Cao Xinyi	The Company	Beneficial owner	12,052,041	0.45%
Wang Yaxu	The Company	Beneficial owner	10,736,190	0.40%
Di Jingmin (resigned on 28 August 2023)	The Company	Beneficial owner	3,013,030	0.11%

Note:

(1) The shareholding percentage of the Company is calculated on the basis of 2,705,996,962 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, so far as is known to any Director or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2023, Shareholders who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Name of corporation	Nature of interest	Aggregate number of Shares or underlying Shares ⁽¹⁾	Approximate percentage of interest in the corporation ⁽⁵⁾
Wang Yihan ⁽²⁾	The Company	Interest of controlled corporation	1,500,080,608 (L)	55.44%
Famous Speech Limited	The Company	Beneficial Owner	1,500,080,608 (L)	55.44%
Wang Xingchun ⁽³⁾	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	55.44%
Winsway Resources Holdings Limited ⁽³⁾	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	55.44%
China Minmetals Corporation ⁽⁴⁾	The Company	Interest of controlled corporation	1,500,080,608 (L)	55.44%
Magnificent Gardenia Limited ⁽⁴⁾	The Company	Interest of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under section 317 of the SFO	1,500,080,608 (L)	55.44%

Other Information

Notes:

1. (L) – long position.
2. Ms. Wang Yihan (“**Ms. Wang**”) directly controls Famous Speech Limited (“**Famous Speech**”) and is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech.
3. Mr. Wang Xingchun (“**Mr. Wang**”) and Winsway Resources Holdings Limited (“**Winsway Resources**”) are parties to an agreement covered by section 317 and section 318 of SFO entered into with Famous Speech, therefore, each of Mr. Wang and Winsway Resources is deemed to be interested in the 1,500,080,608 shares held by Famous Speech by virtue of section 317 of the SFO. Winsway Resources is owned as to approximately 50% each by Mr. Wang and his spouse, Ms. Bai Jianping (“**Ms. Bai**”), therefore, Ms. Bai is deemed to be interested in Winsway Resources’ interest in such 1,500,080,608 Shares.
4. China Minmetals Corporation (“**China Minmetals**”) is deemed to be interested in 1,500,080,608 Shares because Magnificent Gardenia Limited, a corporation controlled by it, entered into an agreement which is covered by section 317 and section 318 of the SFO and is deemed to be interested in the 1,500,080,608 Shares held by Famous Speech by virtue of section 317 of the SFO.
5. The shareholding percentage of the Company is calculated on the basis of 2,705,996,962 Shares in issue as at 30 June 2023, as the denominator.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions representing 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

SHARE-BASED INCENTIVE PLANS

2022 Restricted Share Unit Scheme (“2022 RSU Scheme”)

On 6 January 2022, the Board approved the adoption of the 2022 RSU Scheme. Under the 2022 RSU Scheme, the participants include: (i) a director, officer, member of senior management of any member of the Group; (ii) any non-executive Director (including independent non-executive Director); and (iii) any advisor and agent who provides value-added services to the Group, as determined by the Board in its sole discretion in accordance with the terms of the 2022 RSU Scheme. Subject to the terms of the 2022 RSU Scheme, the term of the 2022 RSU Scheme shall be for a period of 10 years commencing from the date of adoption. The total number of Shares underlying the restricted share units to be granted under the 2022 RSU Scheme (excluding the Shares underlying the restricted share units that are lapsed or cancelled in accordance with the relevant provisions of the 2022 RSU Scheme) shall not exceed 10% of the issued Shares as at the date of the adoption of 2022 RSU Scheme.

Pursuant to a trust deed entered into between the Company and Computershare Hong Kong Trustee Limited (the “**Trust Deed**”), the Company appointed Computershare Hong Kong Trustee Limited as the trustee for the administration of the 2022 RSU Scheme pursuant to the terms of the 2022 RSU Scheme (the “**Trustee**”). Under the Trust Deed, the Trustee shall not exercise any voting rights in respect of the Shares held pursuant to the settlement created by the Trust Deed. The Trustee will administer the 2022 RSU Scheme in accordance with the terms of the 2022 RSU Scheme and the Trust Deed. For further details, please refer to the announcement of the Company dated 6 January 2022.

As at 30 June 2023, an aggregate of 33,728,878 Shares for a total settlement cost of approximately HK\$49,387,364.48 were held by the Trustee in accordance with the terms of the 2022 RSU Scheme and the Trust Deed, for the purpose of satisfying the restricted share units awards to be granted pursuant to the 2022 RSU Scheme. No Shares were purchased under the 2022 RSU Scheme by the Trustee during the Reporting Period.

During Reporting Period, no restricted share unit awards was granted under the 2022 RSU Scheme. As at 30 June 2023, no outstanding and unvested restricted share unit was held by (i) any Director, (ii) the five highest paid individuals; or (iii) other participants under the 2022 RSU Scheme.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

During the six months ended 30 June 2023, the audit committee held one meeting, which was attended by all three members of the audit committee. The members of the audit committee have reviewed and discussed, with the external auditor, the Group's unaudited financial statements for the six months ended 30 June 2023, and are of the opinion that such unaudited financial statements have complied with the applicable accounting standards, the Listing Rules and relevant laws, and that adequate disclosure has been made.

Other Information

REMUNERATION COMMITTEE

The Company established a remuneration committee in accordance with the requirements of the Listing Rules. The primary duties of the remuneration committee are to review and formulate remuneration policies for the Directors and senior management of the Company, to make recommendations on the remuneration package of the Directors and senior management of the Company and to evaluate and make recommendations on employee benefit arrangement.

The remuneration committee held one meeting during the six months ended 30 June 2023, at which the members of the remuneration committee reviewed the remuneration of the Directors and senior management of the Company with reference to their duties, responsibilities, experience, qualifications and performance, and the remuneration mechanism and indicators set for the Company in the financial year of 2023. Each of the Directors abstained from the review of his or her own remuneration. The meeting was attended by all three members of the remuneration committee.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2023, the Company complied with the code provisions (the “**Code Provisions**”) set out in Part 2 of Appendix 14 to the Listing Rules, except for the deviation from the Code Provision A.2.1 which requires that the roles of chairman and chief executive officer be separate and not performed by the same individual. Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below. Ms. Cao Xinyi, the chairman of the Board (the “**Chairman**”), was appointed as the chief executive officer of the Company (“**CEO**”) on 18 July 2019. The Board believes that, considering Ms. Cao Xinyi’s length of employment and experience in the business and operations of the Group and her professional financial knowledge, vesting the roles of both the Chairman and the CEO in Ms. Cao Xinyi can provide the Group with consistent leadership, facilitate the execution of the Group’s business strategies and boost effectiveness of its operations. In addition, under the supervision of the Board (which consists of four executive Directors, one non-executive Director and three independent non-executive Directors) and Board committees (only two executive Directors served on the Board committees and other members of which are all independent non-executive Directors), the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the deviation from the Code Provision A.2.1 is appropriate in such circumstances.

Except for the deviation mentioned above, the Company fully complied with all the Code Provisions during the six months ended 30 June 2023.

INTERIM DIVIDEND

The declaration of an interim dividend in cash of HK\$0.078 per Share in the total amount of approximately HK\$211 million for the six months ended 30 June 2023 has been approved by the Board, which is expected to be payable on or around 16 January 2024. The Company will make a further announcement to set out the details on the payment of the interim dividend and closure of register of members of the Company.

Other Information

SUBSEQUENT EVENTS

On 12 July 2023, E-Commodities (Guangdong) Supply Chain Management Co., Ltd.* (易大宗(廣東)供應鏈管理有限公司) (“**E-Commodities Guangdong**”), an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into a series of agreements with San Pak Ka (Hengqin) Development Company Limited* (新栢嘉(橫琴)發展有限公司), as the vendor, in relation to the acquisition of 131 office units located in Zhuhai City, Guangdong Province, the PRC with an aggregate gross floor area of 7,803.42 square meters at an aggregate consideration of approximately RMB218.89 million. For further details, please refer to the Company’s announcement dated 12 July 2023.

On 4 August 2023, E-Commodities Guangdong entered into a property purchase agreement with Mr. Wang, father of Ms. Wang, the controlling shareholder of the Company, pursuant to which E-Commodities Guangdong agreed to purchase and Mr. Wang agreed to sell 20/F of Sinoport Plaza located in Zhuhai City, Guangdong Province, the PRC with an aggregate gross floor area of 2,239.42 square meters at a total consideration of RMB70.10 million. On the same date, E-Commodities (Jiangsu) Supply Chain Management Co., Ltd.* (易大宗(江蘇)供應鏈管理有限公司) (“**E-Commodities Jiangsu**”), an indirect wholly-owned subsidiary of the Company, entered into a property purchase agreement with Ms. Bai, the spouse of Mr. Wang and mother of Ms. Wang, pursuant to which E-Commodities Jiangsu agreed to purchase and Ms. Bai agreed to sell a property located in Nantong City, Jiangsu Province, the PRC with an aggregate gross floor area of 624.02 square meters at a total consideration of RMB8.10 million. For further details, please refer to the Company’s announcement dated 4 August 2023.

UPDATE ON DIRECTORS’ INFORMATION

On 28 August 2023, Ms. Di Jingmin (“**Ms. Di**”) resigned as an executive Director, a member of the nomination committee of the Board (the “**Nomination Committee**”), and chairman of the environment, social and governance committee of the Board (the “**ESG Committee**”) with effect from the same date. After the resignation, Ms. Di will remain as senior vice president of the Group. Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The Board appointed Ms. Chen Xiuzhu (“**Ms. Chen**”) as an executive Director, the chairman of ESG Committee and a member of Nomination Committee with effect from 28 August 2023. The Company entered into a service contract with Ms. Chen for a term of three years commencing from 28 August 2023 regarding the appointment of Ms. Chen as an executive Director. Ms. Chen will hold the office until the next following annual general meeting of the Company after her appointment and will be subject to re-election at that meeting and thereafter in accordance with the amended and restated articles of association of the Company. For further details in relation to the resignation of Ms. Di and appointment of Ms. Chen, please refer to the Company’s announcement dated 28 August 2023.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all the Directors, each Director confirmed that he/she has complied with the required standard set out in the Model Code during the first half of 2023.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the six months ended 30 June 2023 and up to the latest practicable date prior to the printing of this report, the Company has maintained the amount of public float of not less than 25% of the Company's issued Shares as required under the Listing Rules.

BOARD

The composition of the Board is set out below:

Executive Directors:

Ms. Cao Xinyi
Mr. Wang Yaxu
Ms. Di Jingmin (resigned on 28 August 2023)
Mr. Zhao Wei
Ms. Chen Xiuzhu (appointed on 28 August 2023)

Non-executive Director:

Mr. Guo Lisheng

Independent Non-executive Directors:

Mr. Ng Yuk Keung
Mr. Wang Wenfu
Mr. Gao Zhikai

Consolidated statement of profit or loss

for the six months ended 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Revenue	4	18,512,471	16,782,124
Cost of sales		(17,185,723)	(15,325,474)
Gross profit		1,326,748	1,456,650
Other revenue		27,158	22,782
Distribution costs		(62,353)	(99,018)
Administrative expenses		(384,483)	(366,037)
Other operating income/(expenses), net	5	153,571	(49,841)
Impairment of non-current assets	6(c)	–	(19,200)
Profit from operations		1,060,641	945,336
Finance income	6(a)	27,288	14,193
Finance costs	6(a)	(54,210)	(169,105)
Net finance costs		(26,922)	(154,912)
Share of profits of associates	10	44,079	56,824
Share of losses of joint ventures		(4,768)	(2,169)
Profit before taxation		1,073,030	845,079
Income tax	7	(178,114)	(124,003)
Profit for the period		894,916	721,076
Attributable to:			
Equity shareholders of the Company		844,604	703,305
Non-controlling interests		50,312	17,771
Profit for the period		894,916	721,076
Earnings per share	8		
Basic and diluted (HK\$)		0.314	0.246

The notes on pages 32 to 51 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19(a).

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Profit for the period	894,916	721,076
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income-net movement in fair value reserve (non-recycling)	(2,537)	(4,886)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	(187,697)	(285,362)
Other comprehensive income for the period	(190,234)	(290,248)
Total comprehensive income for the period	704,682	430,828
Attributable to:		
Equity shareholders of the Company	666,178	417,376
Non-controlling interests	38,504	13,452
Total comprehensive income for the period	704,682	430,828

The notes on pages 32 to 51 form part of this interim financial report.

Consolidated statement of financial position

at 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Non-current assets			
Property, plant and equipment, net	9	1,492,854	1,254,936
Right-of-use assets		885,580	872,102
Construction in progress		210,651	395,694
Intangible assets		102,141	115,061
Interests in associates	10	916,996	1,427,870
Interests in joint ventures		96,572	75,838
Other investments in equity securities		96,884	92,235
Deferred tax assets		50,778	55,207
Other non-current assets	11	433,355	81,792
Total non-current assets		4,285,811	4,370,735
Current assets			
Inventories	12	1,019,193	1,749,316
Trade and other receivables	13	3,901,969	4,043,068
Restricted bank deposits	14	1,003,768	860,107
Cash and cash equivalents	15	2,959,273	2,270,966
Total current assets		8,884,203	8,923,457
Current liabilities			
Secured bank loans	18	572,495	890,260
Trade and other payables	16	3,812,356	3,674,994
Other interest-bearing borrowings	21(b)	–	438,844
Lease liabilities		289,453	232,755
Income tax payable		42,249	140,295
Provisions	17	293,872	292,849
Total current liabilities		5,010,425	5,669,997
Net current assets		3,873,778	3,253,460
Total assets less current liabilities		8,159,589	7,624,195

The notes on pages 32 to 51 form part of this interim financial report.

Consolidated statement of financial position

at 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Non-current liabilities			
Secured bank loans	18	128,183	77,415
Lease liabilities		327,341	256,230
Deferred income		44,048	48,980
Deferred tax liabilities		72,638	42,700
Total non-current liabilities		572,210	425,325
NET ASSETS		7,587,379	7,198,870
CAPITAL AND RESERVES			
Share capital	19(b)	5,420,519	5,661,398
Reserves		1,881,472	1,257,316
Total equity attributable to equity shareholders of the Company		7,301,991	6,918,714
Non-controlling interests		285,388	280,156
TOTAL EQUITY		7,587,379	7,198,870

Approved and authorised for issue by the board of directors on August 28, 2023.

Cao Xinyi)
)
) Directors
 Wang Yaxu)
)

The notes on pages 32 to 51 form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Share capital HK\$'000 (note 19(b))	Statutory reserve HK\$'000	Employee share trusts HK\$'000	Exchange reserve HK\$'000	Treasury shares HK\$'000	Fair value reserve (non- recycling) HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2022	5,784,673	416,418	-	298,913	(144,582)	(37,916)	(44,449)	954,164	7,227,221	249,057	7,476,278
Changes in equity for the six months ended 30 June 2022:											
Total comprehensive income	-	-	-	(281,043)	-	(4,886)	-	703,305	417,376	13,452	430,828
Purchase of own shares	-	-	-	-	(127,448)	-	-	-	(127,448)	-	(127,448)
Cancellation of repurchased shares	(272,030)	-	-	-	272,030	-	-	-	-	-	-
Shares issued for exercise of warrants	148,755	-	-	-	-	-	-	-	148,755	-	148,755
Dividends declared (note 19(a))	-	-	-	-	-	-	-	(865,561)	(865,561)	-	(865,561)
Balance at 30 June 2022 and 1 July 2022	5,661,398	416,418	-	17,870	-	(42,802)	(44,449)	791,908	6,800,343	262,509	7,062,852
Changes in equity for the six months ended 31 December 2022:											
Total comprehensive income	-	-	-	(428,455)	-	2,222	-	962,443	536,210	17,647	553,857
Purchase of own shares	-	-	-	-	(198,062)	-	-	-	(198,062)	-	(198,062)
Contribution to employee share trusts	-	-	(44,834)	-	-	-	-	-	(44,834)	-	(44,834)
Appropriation to statutory reserve	-	63,720	-	-	-	-	-	(63,720)	-	-	-
Dividends declared (note 19(a))	-	-	-	-	-	-	-	(174,943)	(174,943)	-	(174,943)
Balance at 31 December 2022	5,661,398	480,138	(44,834)	(410,585)	(198,062)	(40,580)	(44,449)	1,515,688	6,918,714	280,156	7,198,870

Consolidated statement of changes in equity

for the six months ended 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Share capital HK\$'000 (note 19(b))	Statutory reserve HK\$'000	Employee share trusts HK\$'000	Exchange reserve HK\$'000	Treasury shares HK\$'000	Fair value reserve (non- recycling) HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2023	5,661,398	480,138	(44,834)	(410,585)	(198,062)	(40,580)	(44,449)	1,515,688	6,918,714	280,156	7,198,870
Changes in equity for the six months ended 30 June 2023:											
Total comprehensive income	-	-	-	(175,889)	-	(2,537)	-	844,604	666,178	38,504	704,682
Purchase of own shares	-	-	-	-	(49,533)	-	-	-	(49,533)	-	(49,533)
Cancellation of repurchased shares	(240,879)	-	-	-	240,879	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	7,243	-	7,243	(14,599)	(7,356)
Dividends declared (note 19(a))	-	-	-	-	-	-	-	(240,611)	(240,611)	(18,673)	(259,284)
Balance at 30 June 2023	5,420,519	480,138	(44,834)	(586,474)	(6,716)	(43,117)	(37,206)	2,119,681	7,301,991	285,388	7,587,379

The notes on pages 32 to 51 form part of this interim financial report.

Condensed consolidated cash flow statement

for the six months ended 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Operating activities			
Profit before taxation		1,073,030	845,079
Interest expense	6(a)	38,554	51,047
Depreciation of property, plant and equipment and right-of-use assets	6(c)	165,251	119,493
Impairment losses on non-current assets	6(c)	–	19,200
Net realised and unrealised (gain)/losses in fair value on derivative financial instruments	5	(133,583)	59,343
Changes in fair value on warrants	6(a)	–	8,782
Share of profits of associates		(44,079)	(56,824)
Share of losses of joint ventures		4,768	2,169
Foreign exchange loss, net	6(a)	2,718	102,398
Other adjustments		(10,058)	(2,095)
Income tax paid		(222,080)	(262,584)
Net change in inventories, trade and other receivables and trade and other payables		841,243	(227,506)
Net cash generated from operating activities		1,715,764	658,502
Investing activities			
Payment for purchase of property, plant and equipment, construction in progress, right-of-use assets and intangible assets		(490,464)	(381,380)
Increase in restricted bank deposits		(143,661)	(37,418)
Dividends received from an associate		115,688	100,087
Net cash inflows/(outflows) from purchase or settlement of derivative financial instruments		127,154	(133,333)
Loan to a joint venture	11	(166,125)	–
Payment for acquisition of non-controlling interests		(7,630)	–
Other cash flows (used in)/arising from investing activities		(20,928)	15,940
Net cash used in investing activities		(585,966)	(436,104)

The notes on pages 32 to 51 form part of this interim financial report.

Condensed consolidated cash flow statement

for the six months ended 30 June 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Financing activities			
Capital element of lease rentals paid		(114,497)	(104,505)
Interest element of lease rentals paid		(16,339)	(9,223)
Proceeds from bank loans		6,217,467	6,982,574
Repayment of bank loans		(6,326,065)	(6,558,948)
Proceeds from interest-bearing borrowings from an associate	10	–	108,862
Repayment of interest-bearing borrowings from an associate	10	–	(252,101)
Interests paid		(21,530)	(44,055)
Dividends paid to equity shareholders of the Company		(175,826)	(193,720)
Proceeds from sales and leaseback transactions		151,880	–
Purchase of own shares		(49,533)	(127,448)
Proceeds from shares issued for exercise of warrants		–	77,210
Dividends paid to non-controlling interests		(18,673)	–
Net cash used in financing activities		(353,116)	(121,354)
Net increase in cash and cash equivalents		776,682	101,044
Cash and cash equivalents at 1 January	15	2,270,966	3,259,393
Effect of foreign exchange rate changes		(88,375)	(69,098)
Cash and cash equivalents at 30 June	15	2,959,273	3,291,339

The notes on pages 32 to 51 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

E-Commodities Holdings Limited (the “Company”) was incorporated in the British Virgin Islands (“BVI”) on 17 September 2007 with limited liability under the Business Companies Act of the British Virgin Islands (2004). The Company and its subsidiaries (together referred to as the “Group”) are principally engaged in the processing and trading of coal and other products and providing integrated supply chain services.

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 28 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the board of directors is included on page 52.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The interim financial report is presented in Hong Kong dollars (“HK\$”), which is different from the functional currency of the Company and its principal subsidiaries. The Company’s functional currency is United States dollars (“US\$”). As the Company is a listed company in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK\$.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

New and amended IFRSs

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in the processing and trading of coal and other products and providing integrated supply chain services. Revenue represents the sales value of goods sold, net of value added tax and other sales taxes and is after any trade discounts, and revenue from providing integrated supply chain services.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Coal	14,061,455	13,066,549
– Rendering of integrated supply chain services	3,072,510	1,309,839
– Oil and petrochemical products	1,106,862	2,148,553
– Iron ore	194,140	233,535
– Coke	27,025	16,582
– Others	50,479	7,066
	18,512,471	16,782,124

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue (continued)

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Disaggregated by geographical location of customers		
– The PRC (including Hong Kong, Macau and Taiwan)	14,430,553	12,105,899
– Indonesia	998,118	797,403
– India	639,504	394,378
– South Korea	589,833	1,615,422
– Malaysia	588,303	608,426
– Vietnam	447,112	–
– Mongolia	342,706	7,971
– Netherlands	338,219	999,478
– Japan	138,123	291
– Brazil	–	252,856
	18,512,471	16,782,124

For the six months ended 30 June 2023, among the Group's revenue from the trading of coal and other products, products totalling HK\$466,806,000 (six months ended 30 June 2022: HK\$700,557,000) were traded under framework contracts signed with certain third party companies pursuant to which those third party companies acted as agents of the Group to sign sale and purchase contracts with customers and suppliers whilst the Group were responsible for identifying customers and suppliers and negotiating and determining the price, quantity of the commodities and transportation and payment terms with customers and suppliers, respectively.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Processing and trading of coal and other products		Rendering of integrated supply chain services		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
For the six months ended 30 June						
Disaggregated by timing of revenue recognition						
Point in time	15,439,961	15,472,285	2,684,732	1,125,187	18,124,693	16,597,472
Over time	–	–	387,778	184,652	387,778	184,652
Revenue from external customers	15,439,961	15,472,285	3,072,510	1,309,839	18,512,471	16,782,124
Inter-segment revenue	–	–	444,286	316,850	444,286	316,850
Reportable segment revenue	15,439,961	15,472,285	3,516,796	1,626,689	18,956,757	17,098,974
Reportable segment profit (adjusted EBITDA)	394,581	550,788	897,697	583,611	1,292,278	1,134,399
Interest income	21,773	13,209	5,515	984	27,288	14,193
Interest expense	(20,973)	(37,372)	(17,581)	(13,675)	(38,554)	(51,047)
Depreciation and amortisation	(32,891)	(36,079)	(137,818)	(86,750)	(170,709)	(122,829)
Impairment of non-current assets (Provision for)/reversal of impairment losses on trade and other receivables	–	–	–	(19,200)	–	(19,200)
	(30,986)	7,965	9,369	(344)	(21,617)	7,621
Additions to non-current segment assets during the period	312,892	21,005	407,443	242,649	720,335	263,654
As at 30 June/31 December						
Reportable segment assets (including interest in associates and joint ventures)	10,411,636	10,436,091	3,965,028	3,939,411	14,376,664	14,375,502
Reportable segment liabilities	5,597,928	5,632,520	1,127,248	1,416,324	6,725,176	7,048,844

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment of non-current assets and (provision for)/reversal of impairment losses on trade and other receivables.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Reportable segment profit	1,292,278	1,134,399
Depreciation and amortisation	(170,709)	(122,829)
Net finance costs	(26,922)	(154,912)
Impairment of non-current assets	–	(19,200)
(Provision for)/reversal of impairment losses on trade and other receivables	(21,617)	7,621
Consolidated profit before taxation	1,073,030	845,079

5 OTHER OPERATING INCOME/(EXPENSES), NET

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Net realised and unrealised gain/(loss) on derivative financial instruments (note)	133,583	(59,343)
Others	19,988	9,502
	153,571	(49,841)

Note: Net realised and unrealised gain/(loss) on derivative financial instruments mainly represented the net gain or loss from commodity futures contracts entered into by the Group during the period ended 30 June 2023 and 2022.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interest income	(27,288)	(14,193)
Finance income	(27,288)	(14,193)
Interest on discounted bills receivable	12,709	16,244
Interest on secured bank loans	9,506	13,312
Interest on other interest-bearing borrowings	–	12,268
Interest on lease liabilities	16,339	9,223
Total interest expense	38,554	51,047
Bank and other charges	12,938	6,878
Changes in fair value on warrants	–	8,782
Foreign exchange loss, net	2,718	102,398
Finance costs	54,210	169,105
Net finance costs	26,922	154,912

(b) Staff costs

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Salaries, wages, bonus and other benefits	382,681	447,771
Contributions to defined contribution retirement plan	7,409	5,911
	390,090	453,682

During the six months ended 30 June 2023, staff costs of the Group included accrued bonus of approximately HK\$85,360,000 (six months ended 30 June 2022: HK\$110,568,000) for the business sector teams, including coking coal and other teams. The following factors were considered in determining the bonus, business pre-tax profit (calculated by gross profit earned by each business sector team after deducting distributable finance costs and other distributable expenses) made by each business sector team, individual performance, and overall profit of the Group. A certain proportion ranging from 5% – 20% of business pre-tax profit made by each business sector team is distributed to the corresponding business sector team in the form of bonus.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Amortisation and depreciation		
– property, plant and equipment	92,693	83,145
– right-of-use assets	72,558	36,348
– intangible assets	5,458	3,336
Provision for/(reversal of) impairment loss on trade and other receivables	21,617	(7,621)
Impairment of non-current assets		
– interests in a joint venture	–	19,200
Cost of inventories		
– carrying amount of inventories sold	14,906,517	14,410,799
– write-down of inventories	90,599	295,212

7 INCOME TAX

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Current tax-Hong Kong Profits Tax		
Provision for the period	2,376	30,652
Current tax-Outside of Hong Kong		
Provision for the period	135,315	159,289
Under-provision in respect of prior years	6,056	830
Deferred Tax		
Origination and reversal of temporary differences	34,367	(66,768)
	178,114	124,003

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the period.

The provision for PRC current income tax is based on a statutory rate of 25% (2022: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (CONTINUED)

According to Cai Shui [2020] No.31 Notice on Preferential Corporate Income Tax Policies for the Hainan Free Trade Port, certain subsidiaries of the Group are entitled to a preferential tax rate of 15% from 1 January 2021 to 31 December 2024.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on profit attributable to equity shareholders of the Company of HK\$844,604,000 (six months ended 30 June 2022: HK\$703,305,000) and the weighted average number of ordinary shares of 2,688,140,000 (six months ended 30 June 2022: 2,856,725,000 shares) in issue during the six months ended 30 June 2023, calculated as follows:

Weighted average number of ordinary shares (basic):

	Six months ended 30 June	
	2023 '000	2022 '000
Issued ordinary shares as at 1 January	2,867,923	3,026,883
Effect of purchase of own shares	(146,054)	(258,214)
Effect of purchase of shares held by the employee share trusts (note)	(33,729)	–
Shares issued for exercise of warrants	–	88,056
Weighted average number of ordinary shares (basic) as at 30 June	2,688,140	2,856,725

Note: The shares held by the employee share trusts are regarded as treasury shares.

(b) Diluted earnings per share

For the six months ended 30 June 2023, basic and diluted earnings per share was the same as there were no potentially dilutive ordinary shares in issue during the period. For the six months ended 30 June 2022, basic and diluted earnings per share was the same as the effect of the potential ordinary shares outstanding was anti-diluted.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with the amount of HK\$65,520,000 (six months ended 30 June 2022: HK\$123,868,000). On the other hand, items of property, plant and equipment with a net book value of HK\$10,345,000 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$14,440,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2023, construction in progress with a cost of HK\$306,164,000 (six months ended 30 June 2022: HK\$18,635,000) has been transferred into property, plant and equipment.

(c) As at 30 June 2023, property ownership certificates of certain properties of the Group with an aggregate net book value of HK\$71,544,000 (31 December 2022: HK\$45,160,000) are yet to be obtained.

(d) As at 30 June 2023, property, plant and equipment of the Group of HK\$384,282,000 (31 December 2022: HK\$436,111,000) have been pledged as collateral for the Group's borrowings (see note 18), bills payable (see note 16) and lease liabilities.

10 INTERESTS IN ASSOCIATES

The following list contains only the particulars of material associates, which are unlisted entities:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Xianghui Energy (Xiamen) Co., Ltd. ("Xianghui Energy") (note(i))	Incorporated	PRC	RMB1,200,000,000	49%	–	49%	Coal trading in the PRC (note (i))
TTJV Co. LLC. ("TTJV") (note(ii))	Incorporated	Mongolia	MNT 283,637,000	30%	–	30%	Coal mining services (note (ii))

Notes:

- (i) On 11 December 2022, the Company, Xiamen Xiangyu Joint Stock Company Limited ("Xiamen Xiangyu"), and Xianghui Energy entered into the capital reduction agreement, pursuant to which the registered capital of Xianghui Energy was reduced from RMB2,000,000,000 to RMB1,200,000,000, while the Company and Xiamen Xiangyu agreed to reduce their respective subscribed registered capital in proportion to their respective equity interest in Xianghui Energy. Afterwards the Company and Xianghui Energy entered into a debt offset agreement, pursuant to which the Company's interest-bearing borrowings from Xianghui Energy were offset by the amount of capital reduction that shall be returned by Xianghui Energy. The capital reduction and debt offset have been completed on 31 January 2023, and the percentage of equity interest in Xianghui Energy held by the Company remain at 49%.
- (ii) On 3 October 2022, the Company acquired 30% equity interest of TTJV from one of the shareholders of TTJV with the consideration of US\$24,000,000. TTJV commenced operation in March 2012 and is mainly engaged in coal mining services in Mongolia. The investment in TTJV enables the Group to extend to the upstream of the integrated supply chain services.

All of the associates are accounted for using the equity method in the consolidated financial statements.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of Xianghui Energy and TTJV reconciled to the carrying amount in the consolidated financial statements, is disclosed below:

	Xianghui Energy		TTJV	
	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Gross amounts of the associate				
Current assets	4,092,767	4,282,231	554,396	264,614
Non-current assets	14,221	13,561	413,543	416,762
Current liabilities	2,659,100	1,743,791	348,629	105,605
Non-current liabilities	2,406	1,063	–	–
Equity	1,445,482	2,550,938	619,310	575,771

	Xianghui Energy		TTJV	
	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
Revenue	10,670,017	3,703,288	417,223	N/A
Profit for the period	65,431	116,071	41,344	N/A
Other comprehensive income	(34,869)	(56,350)	2,195	N/A
Total comprehensive income	30,562	59,721	43,539	N/A
Dividend received from the associate	115,688	100,087	–	N/A

Reconciled to the Group's interest in the associate

	Xianghui Energy		TTJV	
	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Gross amounts of net assets of the associate	1,445,482	2,550,938	619,310	575,771
Group's effective interest	49%	49%	30%	30%
Group's share of net assets of the associate	708,286	1,249,960	185,793	172,731
Carrying amount in the consolidated financial statements	708,286	1,249,960	185,793	172,731

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of the associates that is not individually material:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Aggregate carrying amount of the individually immaterial associates in the consolidated financial statements	22,917	5,179
	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Aggregate amounts of the Group's share of the associates'		
Loss from continuing operations	(385)	(51)
Total comprehensive income	(385)	(51)

11 OTHER NON-CURRENT ASSETS

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Loan to a joint venture (note)	170,093	–
Advance payments for property and equipment and construction in progress	263,262	81,792
	433,355	81,792

Note:

On 4 January 2023, the Group entered into a loan agreement ("Loan Agreement") with one of the Group's joint venture ("the Joint Venture") of which the ultimate owner of the other shareholder operates logistic services in Mongolia. Pursuant to the Loan Agreement, the maximum cap of the loan is US\$25,000,000 with a maturity date of 3 January 2031 and interest rate is 7% per annum. Meanwhile a loan would be simultaneously provided to a fellow subsidiary of the other shareholder of the Joint Venture with identical terms to finance its purchase of logistics facilities. According to the loan arrangement, the purchased logistics facilities would be pledged to the Joint Venture and eventually pledged to the Group as collateral of the loan. As at 30 June 2023, under the Loan Agreement, the principal amount of the loan to the Joint Venture amounted to US\$21,200,000 (equivalent to HK\$166,125,000).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Coal	987,191	1,653,434
Others	32,002	95,882
	1,019,193	1,749,316

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Carrying amount of inventories sold	14,906,517	14,410,799
Written-down of inventories	90,599	295,212
	14,997,116	14,706,011

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Within 3 months	2,109,028	2,458,960
3 to 6 months	479,364	107,416
6 to 12 months	16,750	105,100
Trade debtors and bills receivable, net of loss allowance	2,605,142	2,671,476
Other debtors	130,563	267,716
Financial assets measured at amortised cost	2,735,705	2,939,192
Deposits and prepayments	745,296	695,544
Other tax recoverable	281,728	275,687
Derivative financial instruments (note)	139,240	132,645
	3,901,969	4,043,068

Note:

As at 30 June 2023 and 31 December 2022, derivative financial instruments mainly represented the fair value of commodity futures contracts entered into by the Group.

All of the trade and other receivables are expected to be recovered or recognized as expenses within one year.

As at 30 June 2023, trade and bills receivable of the Group of HK\$814,252,000 (31 December 2022: HK\$433,147,000) have been pledged as collateral for the Group's bills payable (see note 16).

As at 30 June 2023, bills receivable discounted at banks with recourse totalling HK\$275,752,000 (31 December 2022: HK\$472,429,000). These bills receivable were not derecognised as the Group remains exposed to the credit risk of these receivables.

14 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits of HK\$833,205,000 (31 December 2022: HK\$669,520,000) as at 30 June 2023 as collateral for the Group's borrowings (see note 18) and banking facilities in respect of issuance of bills and letters of credit by the Group (see note 16).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 CASH AND CASH EQUIVALENTS

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Cash at bank and on hand	2,959,273	2,270,966

As at 30 June 2023, cash and cash equivalents of HK\$2,015,227,000 (31 December 2022: HK\$1,517,423,000) was held by the entities of the Group in form of RMB in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

16 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Within 3 months	2,383,828	1,643,650
More than 3 months but less than 6 months	268,470	167,989
More than 6 months but less than 1 year	162,757	494,956
More than 1 year	88,561	28,179
Total trade and bills payables	2,903,616	2,334,774
Prepayments from customers	239,254	282,132
Payables in connection with construction projects	43,013	37,313
Payables for purchase of equipment and motor vehicles	56,411	51,973
Payables for staff related costs	220,088	530,321
Payables for other taxes	47,848	184,733
Derivative financial instruments	–	166
Dividends payable	256,760	189,661
Others	45,366	63,921
	3,812,356	3,674,994

The Group's bills payable is analysed as follows:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Secured by restricted bank deposits, property, plant and equipment and land use rights	353,661	110,213
Secured by restricted bank deposits, trade and bills receivable	1,284,283	921,595
	1,637,944	1,031,808

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

17 PROVISIONS

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Provision for compensation claim	293,872	292,849

As at 30 June 2023 and 31 December 2022, a provision of US\$37.5 million (approximately HK\$293,872,000) was made by the Group for a compensation claim from a supplier. It was related to the Group's unexecuted contracts for purchase of 146,360 tonnes of coking coal, for which the Group had issued notice of termination of execution to the supplier for the reason of product quality before goods acceptance, during the year ended 31 December 2021. As at 30 June 2023 and 31 December 2022, based on the available facts and circumstance in respect of the compensation claim that it is proceeding with arbitration procedures, taking into account the legal advice from its independent legal counsel, the Group based on its best estimate to provide for the amounts of the compensation claim.

18 SECURED BANK LOANS

(a) The secured bank loans comprise:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Short-term loans and current portion of long-term loans	572,495	890,260
Long-term loans	128,183	77,415
	700,678	967,675

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

18 SECURED BANK LOANS (CONTINUED)

(b) The secured bank loans are analysed as follows:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Secured by discounted bills receivable	275,752	472,429
Secured by restricted bank deposits, property, plant and equipment and land use rights	136,194	295,105
Secured by restricted bank deposits	85,708	69,384
Credit guarantee	203,024	130,757
	700,678	967,675

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interim dividend declared and paid after the interim period of HK\$0.078 per share (six months ended 30 June 2022: HK\$0.061)	211,151	174,943

The interim dividend had not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.084 per share (six months ended 30 June 2022: HK\$0.302)	240,611	865,561

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

	At 30 June 2023 No. of shares '000	At 31 December 2022 No. of shares '000
Authorised:		
Ordinary shares with no par value	6,000,000	6,000,000

	2023		2022	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Ordinary shares, issued and fully paid:				
Existing shares at 1 January	2,867,923	5,661,398	3,026,883	5,784,673
Shares issued for exercise of warrants	–	–	118,060	148,755
Cancellation of repurchased shares (note)	(161,926)	(240,879)	(277,020)	(272,030)
As at 30 June 2023/31 December 2022	2,705,997	5,420,519	2,867,923	5,661,398

Note:

During the six months ended 30 June 2023, the Company cancelled in aggregate of 161,926,000 of its own shares from the open market (six months ended 30 June 2022: 277,020,000).

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

	Fair value at 30 June 2023 HK\$'000	Fair value measurements as at 30 June 2023 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Assets:				
Derivative financial instruments:				
– Commodity futures contracts	139,240	139,240	–	–
Unlisted equity securities				
– Other investments in equity securities	96,884	–	–	96,884
Fair value measurements as at 31 December 2022 categorised into				
	Fair value at 31 December 2022 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Assets:				
Derivative financial instruments:				
– Commodity futures contracts	132,645	132,645	–	–
Unlisted equity securities				
– Other investment in equity securities	92,235	–	–	92,235
Liabilities:				
Derivative financial instruments:				
– Forward foreign exchange contracts	166	–	166	–

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

During the six months ended 30 June 2023, there have been no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: HK\$nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Unlisted equity securities	Adjusted net assets method	Marketability discount	10% (2022: 10%)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	At 30 June 2023 HK\$'000	At 30 June 2022 HK\$'000
Unlisted equity securities:		
As at 1 January	92,235	106,997
Payment for capital contribution	8,885	–
Net unrealised losses recognised in other comprehensive income during the period	(2,537)	(4,886)
Exchange adjustments	(1,699)	(6,373)
As at 30 June	96,884	95,738
Warrants:		
As at 1 January	–	62,763
Changes in fair value recognised in profit or loss during the period	–	8,782
Exercise of warrants	–	(71,545)
As at 30 June	–	–
Total gains or losses for the period included in profit or loss assets held at the end of the reporting period	–	8,782

Any gains or losses arising from the remeasurement of the Group's other investments in equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

The gains or losses arising from the remeasurement of warrants are presented in the "net finance costs" line item in the consolidated statement of profit or loss.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Material related party transactions

During the period, the Group entered into the following material related party transactions:

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Sales of products to an associate and a joint venture	1,296,532	1,358,263
Rendering of integrated supply chain services and other services to an associate and a joint venture	2,685,204	713,412
Interest on loan to a joint venture	3,968	–
Interest on other interest-bearing borrowings from an associate	–	12,261

The directors of the Group are of the opinion that the above related party transactions were conducted on normal commercial terms and in accordance with the agreements governing such transactions.

(b) Material related party balances

The outstanding balances arising from above transactions at consolidated statement of financial position are as follows:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Other interest-bearing borrowings from an associate (note)	–	438,844
Receivables due from an associate and a joint venture	144,337	664,577
Payables due to joint ventures	7,770	–
Loan to a joint venture	170,093	–

Note:

Other interest-bearing borrowings represent loans from Xianghui Energy and repayable within 12 months, the interest of the borrowings is determined comprehensively with reference to the Loan Prime Rate (LPR).

22 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report:

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Authorised but not contracted for	801,886	296,116
Contracted for	208,452	225,503
	1,010,338	521,619

Review Report to the Board of Directors of E-Commodities Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)



INTRODUCTION

We have reviewed the interim financial report set out on pages 24 to 51 which comprises the consolidated statement of financial position of E-Commodities Holdings Limited (the "Company") as of 30 June 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2023