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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors ("**Directors**") of E-Commodities Holdings Limited (the "**Company**") is pleased to present the audited consolidated financial results of the Company and its subsidiaries (the "**Group**", "**E-Commodities**", "**we**" or "**us**") for the year ended 31 December 2023 together with comparative figures in 2022.

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
(in HK$ million)	**2023**	2022	Year-on-year Change
Revenue	**40,587**	34,414	+17.94%
Gross profit	**3,700**	3,198	+15.70%
Profit before taxation	**2,663**	2,039	+30.60%
Profit for the year	**2,194**	1,705	+28.68%
Profit attributable to equity shareholders of the Company	**2,123**	1,666	+27.43%
Basic and diluted earnings per share (HK$)	**0.793**	0.594	+33.50%
Total equity	**8,816**	7,199	+22.46%

A final dividend in cash of HK$0.118 per share or approximately HK$320 million has been declared for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023
(Expressed in Hong Kong dollars)

	Note	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*3*	**40,586,665**	34,414,254
Cost of sales		**(36,887,007)**	(31,216,318)
Gross profit		**3,699,658**	3,197,936
Other revenue		**66,487**	40,381
Distribution costs		**(71,846)**	(107,948)
Administrative expenses		**(1,112,763)**	(947,281)
Other operating expenses, net	*4*	**(10,156)**	(82,269)
(Impairment)/reversal of impairment of non-current assets	*5(c)*	**(44,297)**	10,864
Profit from operations		**2,527,083**	2,111,683
Finance income		**55,376**	34,733
Finance costs		**(117,774)**	(251,766)
Net finance costs	*5(a)*	**(62,398)**	(217,033)
Share of profits less losses of associates		**199,500**	136,964
Share of profits less losses of joint ventures		**(1,672)**	7,230
Profit before taxation		**2,662,513**	2,038,844
Income tax	*6*	**(468,157)**	(333,952)
Profit for the year		**2,194,356**	1,704,892

	Note	**2023**	2022
		HK$'000	*HK$'000*
Profit attributable to:			
Equity shareholders of the Company		**2,122,640**	1,665,748
Non-controlling interests		**71,716**	39,144
Profit for the year		**2,194,356**	1,704,892
Basic and diluted earnings per share (HK$)	*7*	**0.793**	0.594

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023
(Expressed in Hong Kong dollars)

	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**2,194,356**	1,704,892
Other comprehensive income for the year (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	**(976)**	(2,664)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation:		
– Subsidiaries	**(37,961)**	(610,775)
– Associates	**(3,072)**	(98,746)
– Joint ventures	**(1,288)**	(8,022)
Other comprehensive income for the year	**(43,297)**	(720,207)
Total comprehensive income for the year	**2,151,059**	984,685
Total comprehensive income attributable to:		
Equity shareholders of the Company	**2,070,731**	953,586
Non-controlling interests	**80,328**	31,099
Total comprehensive income for the year	**2,151,059**	984,685

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023
(Expressed in Hong Kong dollars)

	Note	**At 31 December 2023** *HK$'000*	At 31 December 2022 *HK$'000*
Non-current assets			
Property, plant and equipment, net	*8*	**2,220,030**	1,254,936
Investment property	*8*	**224,562**	–
Right-of-use assets	*9*	**1,112,707**	872,102
Construction in progress	*10*	**242,996**	395,694
Intangible assets		**240,226**	115,061
Interest in associates		**1,093,674**	1,427,870
Interest in joint ventures		**101,208**	75,838
Other investments in equity securities		**102,646**	92,235
Deferred tax assets		**78,934**	55,207
Other non-current assets	*11*	**251,627**	81,792
Total non-current assets		**5,668,610**	4,370,735
Current assets			
Inventories	*12*	**3,424,955**	1,749,316
Trade and other receivables	*13*	**4,879,315**	4,043,068
Restricted bank deposits		**886,132**	860,107
Cash and cash equivalents		**2,955,453**	2,270,966
Total current assets		**12,145,855**	8,923,457
Current liabilities			
Secured bank loans		**1,907,519**	890,260
Trade and other payables	*14*	**5,887,291**	3,674,994
Other interest-bearing borrowings		**–**	438,844
Lease liabilities		**254,377**	232,755
Income tax payable		**309,276**	140,295
Provision	*15*	**–**	292,849
Total current liabilities		**8,358,463**	5,669,997

	Note	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Net current assets		**3,787,392**	3,253,460
Total assets less current liabilities		**9,456,002**	7,624,195
Non-current liabilities			
Secured bank loans		**139,640**	77,415
Lease liabilities		**366,045**	256,230
Deferred income		**28,444**	48,980
Deferred tax liabilities		**105,915**	42,700
Total non-current liabilities		**640,044**	425,325
NET ASSETS		**8,815,958**	7,198,870
CAPITAL AND RESERVES			
Share capital	*16(b)*	**5,420,519**	5,661,398
Reserves		**3,073,554**	1,257,316
Total equity attributable to equity shareholders of the Company		**8,494,073**	6,918,714
Non-controlling interests		**321,885**	280,156
TOTAL EQUITY		**8,815,958**	7,198,870

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)
during the year ended 31 December 2023.

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 rendering of integrated supply chain services.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investments in securities; and

– derivative financial instruments.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is different from the functional currency of the Company and its principal subsidiaries. The Company's functional currency is United Stated dollars ("**US$**"). 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$.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

- 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in the processing and trading of coal and other products and rendering of 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 is as follows:

	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	**31,805,175**	26,927,042
– Rendering of integrated supply chain services	**6,326,916**	3,756,526
– Oil and petrochemical products	**2,026,735**	3,137,601
– Iron ore	**319,433**	515,550
– Coke	**33,530**	29,298
– Others	**74,876**	48,237
	40,586,665	34,414,254

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii) respectively.

The Group's customer base is diversified and includes one customer with the revenue amount of HK$7,232,768,000 in 2023 (2022: two customers with the revenue amount of HK$4,356,648,000 and HK$4,078,864,000 respectively) with whom transaction has exceeded 10% of the Group's revenue.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Processing and trading of coal and other products: this segment manages and operates coal processing factories and generates income from processing and trading of coal and other products to external customers.

– Rendering of integrated supply chain services: this segment constructs, manages and operates processing factories and logistics parks and generates income from rendering of warehousing, consigned processing and logistics services to customers.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of deferred tax assets. Segment liabilities include all the liabilities with the exception of income tax payables and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit or loss arising from the activities of the Group's associates and joint ventures. However, other than reporting inter-segment sales of coal and other products and logistics services, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

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.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, the Group's share of associates and joint ventures, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment/reversal of impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 years ended 31 December 2023 and 2022 is set out below.

	Processing and trading of coal and other products		**Rendering of integrated supply chain services**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition						
Point in time	**34,259,749**	30,657,728	**5,527,910**	3,357,790	**39,787,659**	34,015,518
Over time	**–**	–	**799,006**	398,736	**799,006**	398,736
Revenue from external customers	**34,259,749**	30,657,728	**6,326,916**	3,756,526	**40,586,665**	34,414,254
Inter-segment revenue	**–**	–	**940,043**	617,261	**940,043**	617,261
Reportable segment revenue	**34,259,749**	30,657,728	**7,266,959**	4,373,787	**41,526,708**	35,031,515
Reportable segment profit (adjusted EBITDA)	**1,509,546**	975,433	**1,649,558**	1,588,400	**3,159,104**	2,563,833
Interest income	**41,133**	32,511	**14,243**	2,222	**55,376**	34,733
Interest expense	**(63,746)**	(65,425)	**(38,055)**	(37,761)	**(101,801)**	(103,186)
Depreciation and amortisation	**(69,677)**	(48,649)	**(300,354)**	(213,776)	**(370,031)**	(262,425)
(Impairment)/reversal of impairment of non-current assets	**(30,139)**	–	**(14,158)**	10,864	**(44,297)**	10,864
Impairment losses on trade and other receivables	**(24,883)**	(54,932)	**5,018**	(1,463)	**(19,865)**	(56,395)
Reportable segment assets (including interest in associates and joint ventures)	**13,849,637**	10,436,091	**5,330,331**	3,939,411	**19,179,968**	14,375,502
Additions to non-current segment assets during the year	**898,272**	99,773	**1,212,058**	788,864	**2,110,330**	888,637
Reportable segment liabilities	**8,298,288**	5,632,520	**1,729,465**	1,416,324	**10,027,753**	7,048,844

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2023	2022
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**41,526,708**	35,031,515
Elimination of inter-segment revenue	**(940,043)**	(617,261)
Consolidated revenue	**40,586,665**	34,414,254

	2023	2022
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**3,159,104**	2,563,833
Depreciation and amortisation	**(370,031)**	(262,425)
(Impairment)/reversal of impairment of non-current assets	**(44,297)**	10,864
Impairment losses on trade and other receivables	**(19,865)**	(56,395)
Net finance costs	**(62,398)**	(217,033)
Consolidated profit before taxation	**2,662,513**	2,038,844

	At 31 December 2023	At 31 December 2022
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**19,179,968**	14,375,502
Deferred tax assets	**78,934**	55,207
Elimination of inter-segment receivables	**(1,444,437)**	(1,136,517)
Consolidated total assets	**17,814,465**	13,294,192
Liabilities		
Reportable segment liabilities	**10,027,753**	7,048,844
Income tax payable	**309,276**	140,295
Deferred tax liabilities	**105,915**	42,700
Elimination of inter-segment payables	**(1,444,437)**	(1,136,517)
Consolidated total liabilities	**8,998,507**	6,095,322

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than other investment in equity securities and deferred tax assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment property and property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates and joint ventures.

	Revenues from external customers		**Specified non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (including Hong Kong, Macau and Taiwan)	**31,907,960**	27,737,415	**4,282,386**	3,332,026
South Korea	**2,005,749**	1,887,872	**–**	–
Indonesia	**1,954,110**	1,412,192	**–**	–
Malaysia	**1,397,086**	606,643	**–**	–
Vietnam	**966,172**	–	**–**	–
India	**940,260**	568,819	**–**	–
Mongolia	**792,536**	352,475	**1,112,232**	829,629
Netherlands	**337,856**	1,314,016	**–**	–
Japan	**237,241**	102,742	**43,833**	32,866
Others	**47,695**	432,080	**48,579**	28,772
	40,586,665	34,414,254	**5,487,030**	4,223,293

4. OTHER OPERATING EXPENSES, NET

	2023	2022
	HK$'000	*HK$'000*
(Loss)/gain on disposal of property, plant and equipment, net	**(17,737)**	2,038
Net realised and unrealised gain/(loss) on derivative financial instruments *(note)*	**7,248**	(81,260)
Others	**333**	(3,047)
	(10,156)	(82,269)

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 year ended 31 December 2023 and 2022.

5 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2023	2022
	HK$'000	*HK$'000*
Interest income on financial assets measured at amortised cost	**(55,376)**	(34,733)
Finance income	**(55,376)**	(34,733)
Interest on secured bank loans	**22,271**	24,503
Interest on other interest-bearing borrowings	**–**	20,688
Interest on discounted bills receivable	**43,589**	33,066
Interest on lease liabilities	**35,941**	24,929
Total interest expense	**101,801**	103,186
Bank and other charges	**28,007**	14,340
Changes in fair value on warrants	**–**	8,782
Foreign exchange (gain)/loss, net	**(12,034)**	125,458
Finance costs	**117,774**	251,766
Net finance costs	**62,398**	217,033

(b) Staff costs

	2023	2022
	HK$'000	*HK$'000*
Salaries, wages, bonus and other benefits	**1,064,857**	875,633
Contributions to defined contribution retirement plan	**38,419**	40,399
	1,103,276	916,032

During the year ended 31 December 2023, staff costs of the Group included accrued bonus of approximately HK$407,360,000 (2022: HK$354,248,000) 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.

(c) Other items

	2023	2022
	HK$'000	*HK$'000*
Amortisation and depreciation#		
– property, plant and equipment and investment property	**205,860**	167,040
– right-of-use assets	**152,793**	87,567
– intangible assets	**11,378**	7,818
Impairment loss on trade and other receivables	**19,865**	56,395
Impairment/(Reversal of impairment) of non-current assets		
– property, plant and equipment *(note 8)*	**–**	(30,064)
– right-of-use assets *(note 9)*	**44,297**	–
– interests in a joint venture	**–**	19,200
Reversal of provisions	**(42,818)**	–
Cost of inventories# *(note 12(b))*	**32,133,588**	29,055,291

Cost of inventories includes HK$6,196,000 (2022:HK$37,888,000) and HK$1,053,000 (2022: HK$35,062,000) for the year ended 31 December 2023 relating to staff costs, depreciation and amortisation which amount is also included in the respective total amount disclosed separately above or in note 5(b) for each type of these expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2023	2022
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**5,053**	9,867
Current tax – Outside of Hong Kong		
Provision for the year	**415,948**	278,540
Under provision in respect of prior years	**7,668**	507
Deferred Tax		
Origination and reversal of temporary differences	**39,488**	45,038
	468,157	333,952

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 year.

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.

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.

Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy, Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy and Announcement [2020] No. 23 Public Announcement on Continuation of Corporate Income Tax policy Relating to the Western Development Strategy, certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% till 31 December 2030.

The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("**HNTE**"), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. One subsidiary is qualified as a HNTE. Accordingly, the subsidiary is entitled to the preferential tax rate of 15% for the years ended 31 December 2022 and 2023. The Company obtained its certificate of HNTE on 14 September 2021 and is subject to income tax at 15% from 1 January 2021 to 31 December 2023.

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

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of HK$2,122,640,000 (2022: HK$1,665,748,000) and the weighted average number of ordinary shares of 2,676,221,000 ordinary shares (2022: 2,805,439,000 shares) in issue during the year ended 31 December 2023, calculated as follows:

Weighted average number of ordinary shares (basic):

	2023	2022
	'000	*'000*
Issued ordinary shares at 1 January	**2,867,923**	3,026,883
Effect of purchase of own shares *(note 16(b))*	**(157,973)**	(308,921)
Effect of purchase of shares held by the employee share trusts *(note)*	**(33,729)**	(14,087)
Shares issued for exercise of warrants	**–**	101,564
Weighted average number of ordinary shares (basic) as at 31 December	**2,676,221**	2,805,439

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

(b) Diluted earnings per share

For the year ended 31 December 2023, basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue during the period.

8 PROPERTY, PLANT AND EQUITMENT AND INVESTMENT PROPERTY

(a) Reconciliation of carrying amount

	Land and buildings *HK$'000*	Plant and machinery *HK$'000*	Railway special assets *HK$'000*	Motor vehicles *HK$'000*	Office and other equipment *HK$'000*	Sub-total *HK$'000*	Investment Property *HK$'000*	Total *HK$'000*
Cost:								
At 1 January 2022	1,276,596	424,589	320,018	837,923	174,299	3,033,425	–	3,033,425
Additions	23,517	45,770	–	77,595	55,357	202,239	–	202,239
Transferred from construction in progress *(note 10)*	85,829	106,234	–	2,493	5,534	200,090	–	200,090
Disposals	–	(344)	–	(22,515)	(608)	(23,467)	–	(23,467)
Exchange adjustments	(114,367)	(41,392)	(28,645)	(182,403)	(18,017)	(384,824)	–	(384,824)
At 31 December 2022 and 1 January 2023	1,271,575	534,857	291,373	713,093	216,565	3,027,463	–	3,027,463
Additions	197,784	42,540	1,438	197,369	49,317	488,448	229,852	718,300
Acquisition of a subsidiary	98,958	2,966	9,140	1,038	134	112,236	–	112,236
Transferred from construction in progress *(note 10)*	256,230	116,688	67,966	137,699	20,868	599,451	–	599,451
Disposals	(2,227)	(9,107)	–	(17,731)	(2,408)	(31,473)	–	(31,473)
Exchange adjustments	(24,576)	(7,349)	(4,784)	6,896	(8,853)	(38,666)	(1,552)	(40,218)
At 31 December 2023	1,797,744	680,595	365,133	1,038,364	275,623	4,157,459	228,300	4,385,759
Accumulated depreciation and impairment losses:								
At 1 January 2022	735,838	331,015	298,630	342,061	109,967	1,817,511	–	1,817,511
Charge for the year	39,573	25,406	1,566	59,588	40,907	167,040	–	167,040
Impairment loss	16,244	–	–	(46,308)	–	(30,064)	–	(30,064)
Written back on disposal	–	(87)	–	(11,104)	(481)	(11,672)	–	(11,672)
Exchange adjustments	(66,613)	(30,652)	(26,805)	(28,299)	(17,919)	(170,288)	–	(170,288)
At 31 December 2022 and 1 January 2023	725,042	325,682	273,391	315,938	132,474	1,772,527	–	1,772,527
Charge for the year	48,004	38,610	2,210	84,741	28,531	202,096	3,764	205,860
Written back on disposal	(71)	(686)	–	(8,757)	(2,404)	(11,918)	–	(11,918)
Exchange adjustments	(10,894)	(3,758)	(4,153)	968	(7,439)	(25,276)	(26)	25,032
At 31 December 2023	762,081	359,848	271,448	392,890	151,162	1,937,429	3,738	1,941,167
Net book value:								
At 31 December 2023	1,035,663	320,747	93,685	645,474	124,461	2,220,030	224,562	2,444,592
At 31 December 2022	546,533	209,175	17,982	397,155	84,091	1,254,936	–	1,254,936

Note: At 31 December 2023, property, plant and equipment of the Group of HK$730,220,000 (2022: HK$436,111,000) have been pledged as collateral for the Group's borrowings, bills payable (see note 14) and lease liabilities.

Reversal of impairment loss/Impairment loss

In 2021, an impairment loss for property, plant and equipment in respect of certain of the Group's vehicles in Mongolia was charged to the consolidated statement of profit or loss due to the unfavourable future prospects of the low utilisation of the vehicles. As at 31 December 2022, due to the increase of the utilisation of the vehicles, an impairment loss of HK$46,308,000 was reversed for the property, plant and equipment, which was close to their estimated recoverable amounts based on value-in-use calculations. These calculations used cash flow projections based on financial forecasts prepared by management covering an eight-year period. The cash flows were discounted using a pre-tax discount rate of 22.00%. The discount rate used are pre-tax and reflected specific risks relating to the relevant segments. In addition, due to one land of the Group in Mongolia was suspended and currently had no development plan, an impairment loss of HK$16,244,000 was made by the Group in 2022.

(b) The analysis of net book value of properties

	At 31 December 2023 *HK\$'000*	At 31 December 2022 *HK\$'000*
The PRC (including Hong Kong and Macau)	**947,520**	460,946
Other countries	**88,143**	85,587
Aggregate net book value	**1,035,663**	546,533

As at 31 December 2023, the Group was in the process of applying for the ownership certificate for certain buildings with an aggregate net book value amounting to HK$227,273,000 (2022: HK$45,160,000). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy and use of the above mentioned buildings.

(c) Investment property

The Group leases out investment property through operating leases. The leases typically run for an initial period of 1 year. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating lease in place at the reporting date will be receivable by the Group in future periods as follows:

	At 31 December 2023 *HK\$'000*	At 31 December 2022 *HK\$'000*
Within 1 year	**1,133**	–

The Group mainly leased out investment property through operating leases from 2023. As at 31 December 2023, the fair value of investment property was determined by management with reference to the market price of comparable properties.

9 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 31 December 2023	At 31 December 2022
	HK$'000	*HK$'000*
Lease prepayments, carried at depreciated cost *(note i)*	**675,976**	413,177
Offices leased for own use, carried at depreciated cost *(note ii)*	**67,864**	42,583
Motor vehicles, machinery and other equipment, carried at depreciated cost *(note ii)*	**368,867**	416,342
	1,112,707	872,102

Notes:

(i) Lease prepayments mainly represent the payments for land use rights paid to the PRC authorities. The Group's land use rights were mainly amortised on a straight-line basis over the lease periods of 50 years.

At 31 December 2023, land use rights of the Group of HK$84,751,000 (2022: HK$181,065,000) have been pledged as collateral for the Group's borrowings, bills payable (see note 14) and lease liabilities.

(ii) Certain leases include an option to renew the lease when all terms are renegotiated, while some include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Depreciation charge of right-of-use assets by class of underlying asset: *(note 5(c))*		
Ownership interests in leasehold land and buildings	**18,627**	14,629
Other properties leased for own use	**30,413**	20,599
Plant, machinery and equipment	**103,753**	52,339
	152,793	87,567
Interest on lease liabilities *(note 5(a))*	**35,941**	24,929
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December	**4,514**	5,456
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**492**	338
Impairment loss	**44,297**	–

During the year ended 31 December 2023, additions to right-of-use assets were HK$468,105,000. This amount included the addition of motor vehicles, machinery and other equipment with the amount of HK$122,281,000 and lease prepayments with the amount of HK$345,824,000.

Impairment loss

During the year ended 31 December 2023, certain of the Group's coal processing factories and logistics facilities were suspended or in low utilisation. As such, during the year ended 31 December 2023, the Group recorded an impairment loss of HK$44,297,000 for three land use rights in Inner Mongolia and one land use right in Shandong Province. The impairment losses were determined based on the recoverable amount of the land use rights has been lower than its carrying amount, with reference to the land prices at which other similar assets transacted in similar areas on an arm's length basis.

10 CONSTRUCTION IN PROGRESS

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
At 1 January	**395,694**	282,072
Additions	**463,552**	349,394
Transferred to property, plant and equipment *(note 8(a))*	**(599,451)**	(200,090)
Disposals	**(9,033)**	–
Exchange adjustments	**(7,766)**	(35,682)
At 31 December	**242,996**	395,694

11 OTHER NON-CURRENT ASSETS

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Loan to a joint venture *(note)*	**205,921**	–
Advance payments for property and equipment and construction in progress	**45,706**	81,792
	251,627	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 31 December 2023, under the Loan Agreement, the principal amount of the loan to the Joint Venture amounted to US$25,000,000 (equivalent to HK$195,184,000), and the interest amounted to US$1,371,000 (equivalent to HK$10,737,000).

12 INVENTORIES

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

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Coal	**3,383,414**	1,653,434
Others	**41,541**	95,882
	3,424,955	1,749,316

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

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Carrying amount of inventories sold	**32,017,938**	29,041,266
Written down of inventories	**115,650**	14,025
	32,133,588	29,055,291

At 31 December 2023, inventories of the Group of HK$1,023,315,000 (2022: HK$nil) have been pledged as collateral for the Group's borrowings and bills payable (see note 14).

13 TRADE AND OTHER RECEIVABLES

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000
Trade receivables, net of loss allowance	**1,448,198**	1,799,920
Bank acceptance bills	**1,005,692**	871,556
Other debtors *(note i)*	**56,660**	267,716
Financial assets measured at amortised cost	**2,510,550**	2,939,192
Deposits and prepayments	**1,300,343**	695,544
Other tax recoverable	**457,586**	275,687
Derivative financial instruments *(note ii)*	**200,171**	132,645
Investment in structured deposit products	**410,665**	–
	4,879,315	4,043,068

Notes:

(i) Among the other debtors, HK$9,847,000 (2022: HK$188,069,000) represented receivables due from Xianghui Energy (Xiamen) Co., Ltd. ("**Xianghui Energy**") arisen from procurement of coals as an agent of Xianghui Energy.

(ii) As at 31 December 2023 and 31 December 2022, derivative financial instruments 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.

At 31 December 2023, trade and bills receivables of the Group of HK$811,423,000 (2022: HK$472,429,000) have been discounted to banks, the Group continued to recognize discounted bills of HK$805,768,000 (2022: HK$472,429,000). With respect to this portion of discounted bills, the Board believed that the Group still retains virtually all its risks and rewards, including the risk of default on discounted bills. Therefore, the Group continued to fully recognised this portion of the discounted instruments. The Group, at the same time, confirmed the related payment due to the bank borrowings generated by discounting the bills. After discounts were transferred, the Group no longer retained any right to use discounted bills, including the sale, transfer or pledge of discounted bills to the third party.

At 31 December 2023, bills receivable of the Group of HK$381,255,000 (2022: HK$433,147,000) have been pledged as collateral for bills payable (see note 14).

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

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Within 3 months	**1,341,226**	1,791,676
3 to 6 months	**106,972**	6,138
6 to 12 months	**–**	2,106
	1,448,198	1,799,920

The credit terms for trade debtors are generally within 90 days.

14 TRADE AND OTHER PAYABLES

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Trade and bills payables	**4,004,491**	2,334,774
Prepayments from customers	**534,019**	282,132
Payables in connection with construction projects	**112,071**	37,313
Payables for purchase of equipment and motor vehicles	**145,301**	51,973
Payables for staff related costs *(note i)*	**569,896**	530,321
Payables for other taxes	**84,496**	184,733
Derivative financial instruments *(note ii)*	**–**	166
Dividends payable	**234,599**	189,661
Payables for acquisition of subsidiary	**145,317**	–
Others	**57,101**	63,921
	5,887,291	3,674,994

Notes:

(i) Included bonus payable to senior management amounting to approximately HK$344,712,000 (2022: HK$285,055,000).

(ii) Derivative financial instruments represent fair value of foreign exchange forward contracts as at 31 December 2023 and 31 December 2022.

The Group's bills payable are analysed as follows:

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Secured by restricted bank deposits, property, plant and equipment and land use rights and inventories	**722,398**	110,213
Secured by restricted bank deposits, trade debtors and bills receivables and structured deposits	**1,239,241**	921,595
	1,961,639	1,031,808

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

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Within 3 months	**3,284,326**	1,643,650
More than 3 months but less than 6 months	**436,306**	167,989
More than 6 months but less than 1 year	**266,680**	494,956
More than 1 year	**17,179**	28,179
	4,004,491	2,334,774

15 PROVISION

The movements of provision are as follows:

	Provision for compensation claim *HK$'000* *(note)*
At 1 January 2022	292,421
Exchange adjustments	428
At 31 December 2022	292,849
At 1 January 2023	292,849
Reversal	(42,818)
Paid	(250,242)
Exchange adjustments	211
At 31 December 2023	–

Note:

During the year ended 31 December 2021, a provision of US$37.50 million (approximately HK$292,421,000) 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.

As at 31 December 2022, based on the available facts and circumstance in respect of the compensation claim that it was expected to be proceeded 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.

The abovementioned arbitration was adjudicated on 21 November 2023 and the relevant compensation has been duly settled. The Group paid the compensation of HK$250,242,000, while the remaining provision of HK$42,818,000 was reversd and credited to the consolidated statement of profit or loss for the year 2023.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the year

	At 31 December 2023 *HK$'000*	At 31 December 2022 *HK$'000*
Interim dividend declared of HK$0.078 per ordinary share (2022: HK$0.061)	**211,151**	174,943
Final dividend proposed after the end of the reporting period of HK$0.118 per ordinary share (2022: HK$0.084)	**319,509**	240,611

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Share capital

	At 31 December 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
Issued shares for exercise of warrants	**–**	**–**	118,060	148,755
Cancellation of repurchased shares *(note)*	**(161,926)**	**(240,879)**	(277,020)	(272,030)
At 31 December	**2,705,997**	**5,420,519**	2,867,923	5,661,398

Note: During the year ended 31 December 2023, the Company cancelled in aggregate of 161,926,000 (2022: 277,020,000) of its own shares which were purchased from the open market.

CHAIRMAN'S STATEMENT

Dear Shareholders and colleagues,

In 2023, the coking coal market showed a trend of initial suppression and then followed by a rebound. During the first half year, there was a generally ample supply of coking coal, but the maintenance and decreased production in steel mills led to a decline in demand; thus, the imbalance of the demand and supply resulted in a downward pressure on coal prices. By contrast, in the second half of the year, the demand entered a seasonal inventory replenishment cycle resulting in rebounding procurement by the downstream purchasers, which led to a resurgence in the coking coal price. In such a volatile market environment, leveraging the strategic, balanced and stable business layout, as well as the dedication of all employees, the Company recorded an operating income of HK$40,587 million and a net profit of HK$2,194 million for the year of 2023, representing a year-on-year increase of 17.94% and 28.68% as compared with the year of 2022, respectively.

The year 2023 marked a breakthrough in the imported coking coal market in China. According to relevant customs data, China imported a total volume of 102.51 million tonnes of coking coal, reaching a record high in the past five years, and representing a significant increase of 60.58% year-on-year as compared with 63.84 million tonnes in 2022, among which, Mongolian coking coal imports hit a record high of 53.96 million tonnes, accounting for 52.64% of the total import volume, and representing an increase of 110.69% as compared with the import volume in 2022. In respect of downstream industries, the steel industry maintained stable operations, and steel exports reached 90.26 million tonnes, representing a year-on-year increase of 34.08% as compared with 67.32 million tonnes for the year of 2022. Despite the ongoing downturn in the real estate industry, the demand from infrastructure investment, shipbuilding, automobiles, machinery and other major industries was stable, coupled with export-driven growth, which have contributed to a slight uptick in steel production rates, providing good support for the demand for coking coal. Against this market backdrop, the Company aligned with the needs of the customers and leveraged the integrated supply chain services capabilities to ensure the stable supply that closely tracked the market trends, thereby retaining a market share of approximately 30%. For the year of 2023, the Company sold a total volume of 18.95 million tonnes of coal, representing an increase of 66.96% as compared with the sales volume of 11.35 million tonnes for the year of 2022. Through Xianghui Energy, an associate of the Group, the Company has achieved a sales volume of approximately 11.41 million tonnes of Mongolian coal, representing an increase of 172.97% as compared with the corresponding period last year.

In 2023, the Company's integrated supply chain services business segment recorded a revenue of HK$6,327 million, representing an increase of 68.41% as compared with HK$3,757 million for the year of 2022. In 2023, the customs clearance volume at several Sino-Mongolia border ports increased significantly with the overall number of customs clearance vehicles doubled overall, and the coal import volume at each port reached a record high. The Company's supply chain service capabilities such as warehousing, transportation, and processing have been fully utilized and leveraged.

1. In respect of the subdivision of logistics (Inner Mongolia E-35), the Company achieved (i) a cross-border transportation volume of 11.06 million tonnes in 2023, representing an increase of 96.80% as compared with the year of 2022, among which the Company achieved the cross-border transportation volume of 3.50 million tonnes through AGV unmanned cross-border transportation at Sino-Mongolia land ports, representing an increase of 600.00% as compared with the year of 2022; (ii) storage capacity of 16.23 million tonnes in 2023, representing an increase of 79.73% as compared with the year of 2022; and (iii) a domestic transportation volume of 11.70 million tonnes in 2023, representing an increase of 58.97% as compared with the year of 2022. In this regard, the asset utilization efficiency has been greatly improved, indicating the increased marginal benefit brought by the economies of scale in fixed asset investment. In addition to the three well-operated ports, the Company has completed the construction of the Mandula Port Customs Supervision Zone this year, and will continue to improve the port facilities, enhance service capabilities and strength its competitive advantages in the future.

2. In respect of the subdivision of coal washing and processing (Haotong), the Company completed a coal washing and processing volume of 9.47 million tonnes in 2023, representing an increase of 20.48% as compared with the year of 2022. Coal washing services not only enhance the stability of product quality, but also offer customers with customized services, which play a vital role in the Company's operations. To further expand its market coverage, the Company completed the construction of two new coal washing plants at Baiyun Ebo Port and Ceke Port in 2023, which are in operation and trial operation, respectively. In addition, the Company acquired a coal washing plant in Tangshan, situated in one of the largest steel production base and the most concentrated coking coal distribution centers in the world. As at 31 December 2023, the Company's washing and processing capacity has expanded from 26.00 million tonnes as at the end of 2022 to 28.00 million tonnes, further laying the solid foundation for the Company to serve the national market.

3. To improve asset efficiency, the Company strived to establish a comprehensive, synergic and integrated network driven by business demand, being the "digital and intelligent supply chain network of E-Commodities", which connects the players across the industry chain offering in-depth, personalized and real-time customer services. In addition, the Company has actively built intelligent ports, achieving intelligent supervision on the entire process of cross-border customs clearance at ports. This includes unmanned driving, real-time sensing, system coordination, security monitoring, and intelligent decision-making, all contributing to a comprehensive enhancement of the efficiency of the whole supply chain.

The Company is committed to maintaining a consistent and stable dividend policy this year. The Board is pleased to declare a final dividend of approximately HK$320 million for the year of 2023, and the Company is expected to pay a total dividend of HK$531 million for the year of 2023.

The Company stands by a strong belief in global, social and corporate sustainable development to ensure value of partners and customer services which work together to create a green and harmonious supply chain. In 2023, we effectively carried out businesses in accordance with the objective under the inhouse established management system, and through integrating the process of "ESG Principles-Corporate Strategy-Governance Implementation-Assessment and Review", our business and environmental, social and corporate governance worked together to empower supply chain management and create value growth collaboratively.

Looking forward to 2024, the steel industry is expected to be fairly stable and continue growing positively. Domestic mining safety regulations will be further tightened, which is likely to lead to an anticipated decrease in domestic coal production, and more room for imported supply. The Company is committed to achieving a balanced supply channels of resources between the East and West, and believes that the Company is positioned well with unique competitive advantages in such ever-changing market landscape. In 2024, regardless of the unpredictable external environment, the Company will continue to adapt to changes, grow resiliently, and deliver our customers with a stronger combination of commodity supply chain trading and integrated supply chain services.

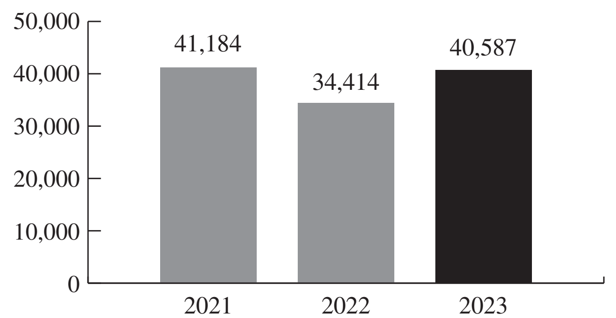
Cao Xinyi
Chairman
E-Commodities Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

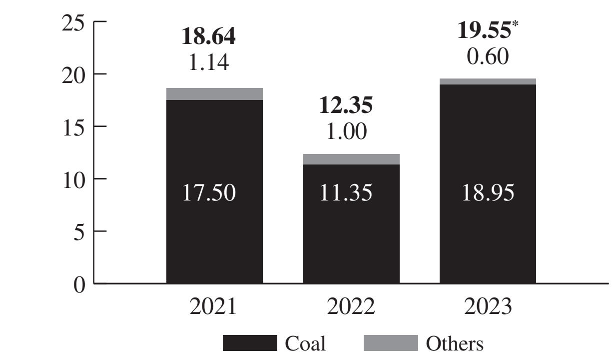
The following discussion and analysis should be read together with the Group's financial information and the notes thereto. The Group's financial statements have been prepared in accordance with all IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

I. Overview

Revenue *(in HK$ million)*

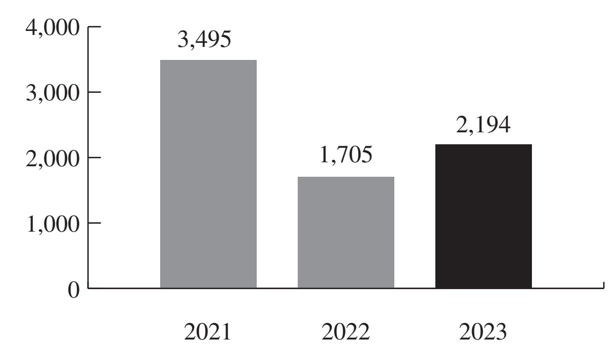


Supply Chain Trading Volume *(million tonnes)*

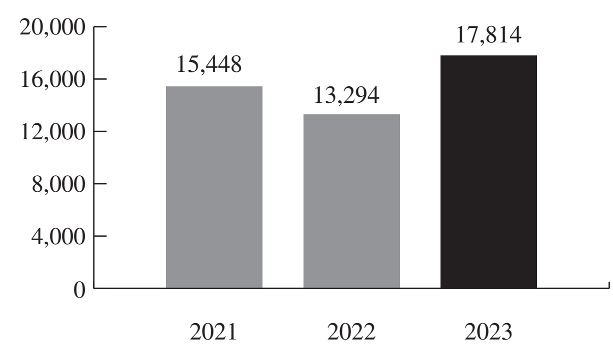


* *Excluding sales volume of approximately 11.41 million tonnes of Mongolia coal executed through our associate Xianghui Energy.*

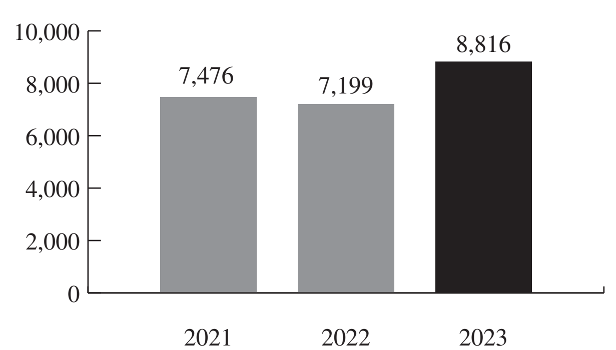
Net Profit *(in HK$ million)*



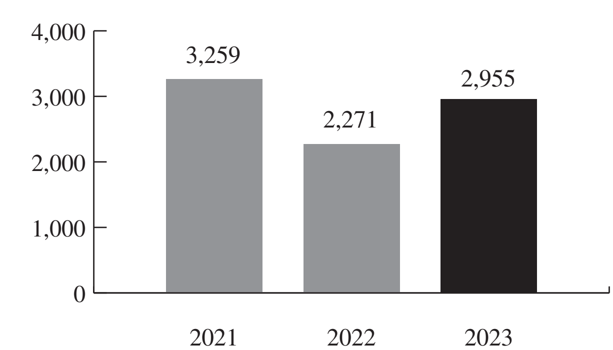
Total Assets *(in HK$ million)*



Total Equity *(in HK$ million)*



Cash Balance *(in HK$ million)*



II. Financial Review

1. Revenue Overview

In 2023, the coking coal market showed a trend of initial suppression and then followed by a rebound. During the first half year, there was a generally ample supply of coking coal, but the maintenance and decreased production in steel mills led to a decline in demand thus, the imbalance of the demand and supply resulted in a downward pressure on coal prices. By contrast, in the second half of the year, the demand entered a seasonal inventory replenishment cycle resulting in rebounding procurement by the downstream purchasers, which led to a resurgence in the coking coal price. In such a volatile market environment, the Company recorded consolidated revenue of HK$40,587 million, representing an increase of 17.94% compared to HK$34,414 million in 2022. The change was mainly due to:

i) The revenue generated from trading of coal increased by approximately 18.12% compared to the same period in 2022, primarily due to an the increase of 66.96% in coal trading volume as compared with the amount for the same period last year;

ii) The revenue of integrated supply chain services increased by 68.41% as compared with the amount for the same period last year. In 2023, the coal import volume at the Sino-Mongolia land ports reached a record high, leading to a corresponding increase in the volume of the integrated supply chain services.

	2023	2022
	HK$'000	*HK$'000*
Disaggregated by major products or service lines		
– Coal	**31,805,175**	26,927,042
– Rendering of integrated supply chain services	**6,326,916**	3,756,526
– Oil and petrochemical products	**2,026,735**	3,137,601
– Iron ore	**319,433**	515,550
– Coke	**33,530**	29,298
– Others	**74,876**	48,237
	40,586,665	34,414,254

In 2023, sales revenue generated from outside of the PRC (including Hong Kong, Macau and Taiwan) was HK$8,679 million, and the percentage to the total revenue increased from 19.40% in 2022 to 21.38% in 2023, showing the great effort of the Group in global market expansion and market diversification. In 2023, the Group's oversea business geographic coverage includes South Korea, Indonesia, Malaysia, Vietnam, India, Mongolia, Netherlands, Japan and others.

	Revenues from external customers	
	2023	2022
	HK$'000	*HK$'000*
The PRC (including Hong Kong, Macau and Taiwan)	**31,907,960**	27,737,415
South Korea	**2,005,749**	1,887,872
Indonesia	**1,954,110**	1,412,192
Malaysia	**1,397,086**	606,643
Vietnam	**966,172**	–
India	**940,260**	568,819
Mongolia	**792,536**	352,475
Netherlands	**337,856**	1,314,016
Japan	**237,241**	102,742
Others	**47,695**	432,080
	40,586,665	34,414,254

In 2023, the sales from our top five customers accounted for 44.82% of our total sales, whereas the same ratio was 38.72% in 2022. These customers are mainly large-scale, state-owned steel groups in China, all being leading companies in the industry.

Supply Chain Trading

In 2023, our supply chain trading business sector recorded a revenue of HK$34,185 million, representing approximately 84.23% 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 18.12% from approximately HK$26,927 million in 2022 to approximately HK$31,805 million in 2023, mainly due to the increased coking coal trading volume.

In 2023, the overall economic situation in China was centered around "recovery" and the import volume of coal increased significantly. According to relevant customs data, in 2023, China imported a total of approximately 102.51 million tonnes of coking coal, representing an increase of approximately 60.58% compared to 2022.

Integrated Supply Chain Services

In 2023, sales generated from integrated supply chain services was HK$6,327 million, representing a dramatic increase of 68.41% compared to approximately HK$3,757 million in 2022. In 2023, the customs clearance volume at the three major ports of China and Mongolia witnessed a significant increase, the overall number of customs clearance vehicles doubled, and the coal imports at various ports reached a record high. The Company's supply chain service capabilities such as warehousing, transportation, and processing have been fully utilized and leveraged. This was mainly due to the following factors:

i) In respect of the subdivision of logistics (Inner Mongolia E-35), the Company achieved: (a) a cross-border transportation volume of 11.06 million tonnes in 2023, representing an increase of 96.80% as compared with the year of 2022; (b) storage capacity of 16.23 million tonnes in 2023, representing an increase of 79.73% as compared with the year of 2022; (c) a domestic transportation volume of 11.70 million tonnes in 2023, representing an increase of 58.97% as compared with the year of 2022. In this regard, the asset utilization efficiency has been greatly improved, indicating the increased marginal benefit brought by the economic of scale in fixed asset investment;

ii) In respect of the subdivision of coal washing and processing (Haotong), the Company completed a coal washing and processing volume of 9.47 million tonnes in 2023, representing an increase of 20.48% as compared with the year of 2022. Coal washing services not only enhance the stability of product quality, but also offer customers with customized services, which plays a vital role in the Company's operations.

Business Prospects

Looking forward to 2024, the steel industry is expected to be fairly stable and continue growing positively. Domestic mining safety regulations will be further tightened, which is likely to lead to an anticipated decrease in domestic coal production, and more room for imported supply. The Company is committed to achieving a balanced supply channels of resources between the East and West, and believes that the Company is positioned well with unique competitive advantages in such ever-changing market landscape. In 2024, regardless of the unpredictable external environment, the Company will continue to adapt to changes, grow resiliently, and deliver our customers with a stronger combination of commodity supply chain trading and integrated supply chain services.

2. *Cost of Sales and Procurement*

Cost of sales in 2023 was approximately HK$36,887 million in 2023, representing an increase of 18.17% compared to HK$31,216 million in 2022, which was mainly due to the increased business from the supply chain trading. Procurement costs are the main costs incurred from supply chain trading. In 2023, the procurement volume was approximately 19.88 million tonnes compared to 11.77 million tonnes in 2022, representing an increase of 68.90%.

Procurement	2023 Procurement volume *'000 tonnes*	 Procurement amounts *HK$'000*	2022 Procurement volume *'000 tonnes*	 Procurement amounts *HK$'000*
Coal	**19,273**	**29,412,288**	10,782	23,079,525
Oil and petrochemical products	**236**	**2,085,065**	374	3,106,771
Iron ore	**361**	**319,294**	600	500,708
Coke	**11**	**24,283**	14	41,618
	19,881	**31,840,930**	11,769	26,728,622

In 2023, the total procurement amount was HK$31,841 million, of which the top five suppliers accounted for 29.70%. No 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 shareholders of the Company owning more than 5% of the issued shares in the Company, has any interest in suppliers.

3. *Operating Gross Profit*

The Group recorded an operating gross profit of HK$3,628 million in 2023, representing an increase of 17.41% compared to an operating gross profit of HK$3,090 million recorded in 2022, among which, the gross profit of supply chain trade business accounted for 58.02%, and the gross profit of supply chain integrated services accounted for 41.98%:

i) In 2023, the economic growth was slower than expected, and the price of coking coal showed a trend of initial suppression and then followed by a rebound. The steel industry maintained steady smoothly despite the downturn in the real estate industry, and the demand from infrastructure investment, shipbuilding, automobiles, machinery and other major industries was stable, coupled with export-driven growth, which have contributed to a slight uptick in steel production rates, providing good support for the demand for coking coal;

ii) Against this market backdrop, the company aligns with the needs of the customers and leveraged the integrated supply chain services capabilities to ensure the stable supply that closely tracks the market trends. As a result, our Company has experienced an increase growth in both supply chain trading volume and the volume of the integrated supply chain services, leading to a rise in gross profit.

4. Administrative Expenses

The Group recorded administrative expenses of HK$1,113 million in 2023, representing an increase of 17.53% compared to HK$947 million of administrative expenses incurred in 2022. This was mainly due to an increase in business volume in 2023 as compared with the amount for the same period in 2022, and subsequently an increase in staff costs. The following factors were considered in determining the bonus: business pretax profit contribution (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 Company. The schemes are expected to incentivize business teams to achieve higher market percentage and better profit for the Company and its shareholders, so as to build sustainable competitive advantages for the Company in its industry.

	2023	2022
	HK$'000	*HK$'000*
Staff costs	**760,485**	637,401
Impairment losses on trade and other receivables	**19,865**	56,395
Others	**332,413**	253,485
	1,112,763	947,281

5. Other Operating Expenses, Net

	2023	2022
	HK$'000	*HK$'000*
(Loss)/gain on disposal of property, plant and equipment, net	**(17,737)**	2,038
Net realised and unrealised gain/(loss) on derivative financial instruments *(note)*	**7,248**	(81,260)
Others	**333**	(3,047)
	(10,156)	(82,269)

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 years ended 31 December 2023 and 2022.

6. Net Finance Costs

The Group recorded net finance costs of HK$62 million in 2023, compared to net finance costs of HK$217 million in 2022, representing a decrease of 71.43% compared with the amount for 2022, mainly because of the decrease of finance cost. Finance costs decreased by 53.57% compared with the amount for 2022. The decrease was mainly due to the market exchange rate fluctuations with a relatively smaller range in 2023 as compared with the range for 2022. Simultaneously, the Company's business and foreign exchange teams strategically conducted transactions in favorable currencies, strengthening exchange rate management and reducing exchange rate risks.

	2023	2022
	HK$'000	*HK$'000*
Interest income on financial assets measured at amortised cost	**(55,376)**	(34,733)
Finance income	**(55,376)**	(34,733)
Interest on secured bank loans	**22,271**	24,503
Interest on other interest-bearing borrowings	**–**	20,688
Interest on discounted bills receivable	**43,589**	33,066
Interest on lease liabilities	**35,941**	24,929
Total interest expense	**101,801**	103,186
Bank and other charges	**28,007**	14,340
Changes in fair value on warrants	**–**	8,782
Foreign exchange loss, net	**(12,034)**	125,458
Finance costs	**117,774**	251,766
Net finance costs	**62,398**	217,033

7. Profit attributable to Equity shareholders of the Company and Earnings per Share

The profit attributable to equity shareholders of the Company was HK$2,123 million in 2023, representing an increase of 27.43% compared with the profit attributable to equity shareholders of the Company of HK$1,666 million in 2022. For details of reasons for such increase, please refer to the subsection headed "Revenue Overview and Operating Gross Profit" above.

Both basic and diluted earnings per share were HK$0.793 for 2023, in comparison, basic and diluted earnings per share for 2022 were HK$0.594.

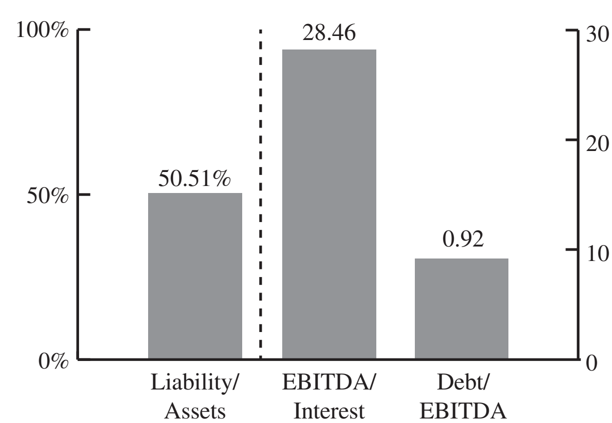
8. Impairment of Non-Current Assets

During the year ended 31 December 2023, certain of the Group's coal processing factories and logistics facilities were suspended or in low utilisation. As such, during the year ended 31 December 2023, the Group recorded an impairment loss of HK$44 million for three land use rights in Inner Mongolia and one land use right in Shandong Province. The impairment losses were determined based on the recoverable amount of the land use rights has been lower than its carrying amount, with reference to the land prices at which other similar assets transacted in similar areas on an arm's length basis.

9. Indebtedness and Liquidity

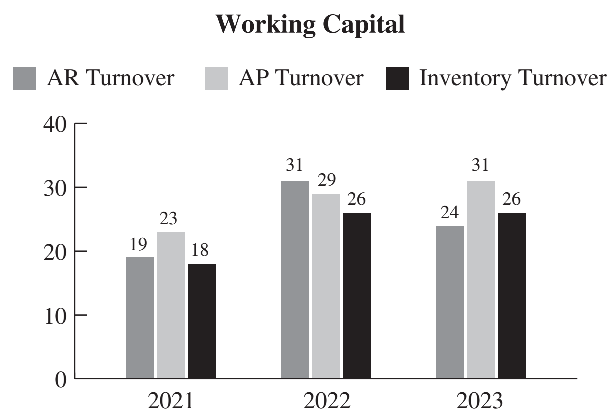
The total amount of bank loans owed by the Group at the end of 2023 was HK$2,047 million. Interest rates on these loans range from 1.65% to 8.90% per annum, whereas the range in 2022 was from 1.40% to 8.90%. The Group's gearing ratio at the end of 2023 was 50.51%, which was an increase compared to 45.85% at the end of 2022. The Group calculates the gearing ratio on the basis of total liabilities divided by total assets.

Indebtedness and Liquidity



10. Working Capital

Our accounts receivable turnover days, accounts payable turnover days, and inventory turnover days were 24 days, 31 days, and 26 days, respectively, in 2023. As a result, the overall cash conversion cycle was approximately 19 days in 2023, which was 9 days shorter than the Group's cash conversion cycle in 2022.



11. Pledge of Assets

At 31 December 2023, bank loans amounting to HK$427,803,000 (31 December 2022: HK$130,758,000) had been secured by credit guarantee with a guarantee amount of HK$408,855,000 (31 December 2022: HK$130,758,000) provided by subsidiaries of the Group and restricted bank deposits with an aggregate carrying value of HK$18,948,000 (31 December 2022: HK$nil).

At 31 December 2023, bank loans amounting to HK$677,002,000 (31 December 2022: HK$295,105,000) together with bills payable amounting to HK$722,398,000 (31 December 2022: HK$110,213,000) had been secured by restricted bank deposits with an aggregate carrying value of HK$65,585,000 (31 December 2022: HK$22,439,000), property, plant and equipment with an aggregate carrying value of HK$628,552,000 (31 December 2022: HK$338,514,000), land use rights with an aggregate carrying value of HK$54,410,000 (31 December 2022: HK$142,822,000), and inventories with an aggregate carrying value of HK$1,023,315,000 (31 December 2022: HK$nil).

At 31 December 2023, bank loans amounting to HK$805,768,000 (31 December 2022: HK$472,429,000) had been secured by trade and bills receivables with an aggregate carrying value of HK$811,423,000 (31 December 2022: HK$472,429,000).

At 31 December 2023, bank loans amounting to HK$136,586,000 (31 December 2022: HK$69,384,000) had been secured by restricted bank deposits with an aggregate carrying value of HK$135,857,000 (31 December 2022: HK$72,353,000).

At 31 December 2023, bills payable amounting to HK$1,239,241,000 (31 December 2022: HK$921,595,000) had been secured by restricted bank deposits with an aggregate carrying value of HK$520,267,000 (31 December 2022: HK$574,728,000), structured deposits with an aggregate carrying value of HK$406,176,000 (31 December 2022: HK$nil), bills receivable with an aggregate carrying value of HK$381,255,000 (31 December 2022: HK$259,401,000) and trade receivable with an aggregate carrying value of HK$nil (31 December 2022: HK$173,746,000).

At 31 December 2023, lease liabilities amounting to HK$133,894,000 (31 December 2022: HK$180,712,000) have been secured by property, plant and equipment with an aggregate carrying value of HK$101,669,000 (31 December 2022: HK$97,597,000), land use rights with an aggregate carrying value of HK$30,341,000 (31 December 2022: HK$38,243,000).

12. Cash Flow

In 2023, the Group had a net cash inflow from operating activities of HK$2,025 million compared to HK$2,172 million cash inflow during 2022. The net cash inflow from operating activities in 2023 was mainly attributable to the cash profit.

In 2023, the Group had a net cash outflow from investing activities of HK$1,834 million compared to HK$752 million cash outflow during 2022. The cash outflow from investing activities in 2023 was approximately HK$2,021 million which was mainly attributable to a cash outflow from domestic and foreign logistics facilities construction and transportation equipment, acquisition and construction of coal washing plant, coal washing equipment.The cash inflow of approximately HK$187 million was mainly due to the receipt of dividends from associates.

In 2023, the Group had a net cash inflow from financing activities of HK$533 million compared to HK$2,112 million cash outflow during 2022. The cash inflow from financing activities was mainly attributable to the cash inflow of bank loan in the amount of approximately HK$1,198 million.

In the supply chain trading business, acceptance bills and letters of credit are common payment methods. After receiving the acceptance bill and the letter of credit, the Company will carry out the recourse discount or pledge loan, and deposit the full margin into the bank to issue the bills payable. This method has very low risk since these two types of business liabilities use cashable bills and cash pledges, and thus 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 for procurements, the Company 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 Company's business activities more clearly, the impact of the above changes is analysed as follows:

	2023[(1)]	**Adjustments**	**Adjusted 2023**[(2)]
	HK$'000	***HK$'000***	***HK$'000***
Cash and cash equivalents at 1 January	**2,270,966**		**2,270,966**
Net cash generated from operating activities	**2,025,366**	**(68,108)**	**1,957,258**
Net cash (used in)/generated from investing activities	**(1,833,958)**	**401,446**[*]	**(1,432,512)**
Net cash generated/(used in) from financing activities	**532,529**	**(333,338)**[**]	**199,191**
Effect of foreign exchange rate changes	**(39,450)**		**(39,450)**
Cash and cash equivalents at 31 December	**2,955,453**		**2,955,453**

Notes:

(1) Derived from consolidated cash flow statement of the Group's financial report.

(2) Illustrative purpose only.

* Full margin deposit for bills payable

** Discounted bills and bill pledged loans

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 bills receivable, factoring of accounts receivable, banking facilities from domestic and overseas banks, and bond financing, so as to ensure funding for business operations, loan repayments and capital expenditure. In 2023, the Group was mainly financed by, including but not limited to, bank working capital loans, factoring of accounts receivable, cash inflow discounted from bank bills and other notes receivables, and other domestic and international bank facilities.

The Group has always adopted prudent and stable fund management methods. Internally, by managing the quota for the deployment of funds for each business department, we monitored the level of inventory, prepayment and receivables, and advance payment from customers, so as to improve the turnover rate of funds and reduce the daily working capital occupation of the business. Payment by finance leasing was given priority in capital expenditure in purchase of logistics relevant assets once applicable.

The main currencies of the Company's business and operation were United States dollars ("**USD**") and Renminbi ("**RMB**"). For the business for which purchases were made in USD and sales were made in RMB, the Company paid close attention to the exchange rate of USD to RMB. In the fluctuation of foreign exchange rate of USD to RMB, the Company used foreign exchange derivatives to avoid 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 Company currently believes may materially affect its performance and/or 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 Company, 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 include international and domestic supply and demand, the level of consumer product demand, international and domestic economic trends, customs policies, 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 upon the Steel Industry*

The revenue of the Company was mainly generated from supply chain trading services of coking coal products, which are heavily dependent on the demand for coking coal by steel mills and coke plants in China. 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.

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 the short and longer term. After the completion of our prior debt restructuring, the Group made great efforts to maintain existing financing facilities and expand new facilities in banks, state-owned companies, and other financial institutions to satisfy the capital requirements of the Group in line with its rapid development of trading businesses.

4. *Currency risk*

Over 60.10% of the Group's revenue in 2023 was denominated in RMB. Over 69.98% of the Group's purchase costs, and some of our operating expenses, are denominated in USD. Fluctuations in exchange rates may adversely affect the value of the Group's net assets, earnings or any declared dividends as RMB is translated or converted into USD or Hong Kong dollars. Any unfavourable movement in the exchange rate may 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*

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.

V. Human Resources

1. Employee Overview

The Group aims to set up a performance-oriented compensation and benefit system while balancing the internal and external market competitiveness of different positions. As at 31 December 2023, the Company has subsidiaries and branch offices in PRC (including Hong Kong and Macau), Singapore, Mongolia and other countries and regions. The Group has entered into formal employment contracts with all employees and pays all mandatory social insurances in full in the relevant countries and regions in strict compliance with the applicable laws and regulations.

As at 31 December 2023, there were 1,991 full-time employees in the Group (excluding 902 dispatch staff from domestic subsidiaries). The breakdown of employee categories is as follows:

	2023		2022	
Functions	**No. of Employees**	**Percentage**	No. of Employees	Percentage
Management, Administration & Finance	**194**	**10%**	175	10%
Front-line Production & Production Support & Maintenance	**55**	**3%**	64	3%
Sales & Marketing	**149**	**7%**	142	8%
Others (incl. Projects and Transportation)	**346**	**17%**	237	13%
Cargo Truck Drivers (Mongolia)	**1,247**	**63%**	1,226	66%
	1,991	**100%**	1,844	100%

2. Employee Education Overview

Qualifications	2023 No. of Employees	2023 Percentage	2022 No. of Employees	2022 Percentage
Master & above	**95**	**5%**	55	3%
Bachelor	**392**	**20%**	356	19%
Diploma	**125**	**6%**	71	4%
High-School, Technical School & below	**1,379**	**69%**	1,362	74%
	1,991	**100%**	1,844	100%

3. Training Overview

The Group considers training to be an invaluable process to provide employees with information, new skills, and professional development opportunities. During the year ended 31 December 2023, the Company held various training programs totaling 353 hours, and over 6,575 attendances were recorded for these programs.

The Group also holds an orientation program for newly admitted employees. The program covers modules such as, among other things, introduction to corporate culture, briefing about of Group regulations and understanding of safety and operational guidelines.

The Group has also sponsored professional training programs such as an EMBA program, Chartered Professional Accountant program, Hong Kong Chartered Secretary program, and so forth to employees and management staff at different levels.

Training Overview

Training Courses	2023 No. of hours	2023 No. of participants	2022 No. of hours	2022 No. of participants
Safety	**126**	**1,876**	76	1,995
Management & Leadership	**106**	**1,381**	116	905
Operation Excellence	**121**	**3,318**	79	613
	353	**6,575**	271	3,513

VI. Health, Safety and Environment

The Company attaches great importance on the health and safety of employees and understands the importance of environment protection. The Lost Time Injury Frequency Rate (LTIFR), Fatality Incident Rate (FTIR) and Total Recordable Case Frequency (TRCF) are key indicators to measure how we achieve our commitment. No casualties, environmental accidents or occupational health and safety accidents occurred in 2023.

In accordance with the Conclusions to its Consultation on the Review of the ESG Reporting Guide and Related Listing Rules published by HKEx on 18 December 2019, the Company has engaged an independent professional third party to work in consultation for its 2023 report on environmental, social and governance ("**ESG**") matters. Such third-party consultant has started its consultation and training accordingly, to the Directors and ESG relevant staff, on ESG policy changes, compliance requirements, suggested work procedures, and others. Further details will be disclosed in the 2023 ESG report of the Company.

VII. Final Dividends

A final dividend in cash of HK$0.118 per share, totalling approximately HK$320 million, has been declared for the year ended 31 December 2023. The final dividend would be payable to the shareholders of the Company subject to the approval of the shareholders of Company at the forthcoming annual general meeting. The final dividend is expected to be paid by no later than 3 September 2024. The dates for closure of register of members of the Company for ascertaining shareholders' entitlement to the final dividend will be further announced.

VIII. Compliance With the CG Code

Throughout the year ended 31 December 2023, the Company complied with the code provisions (the "**Code Provisions**") under the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**"), except for the deviation from the Code Provision C.2.1 which requires that the roles of chairman and chief executive should 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 4 executive Directors, 1 non-executive Director and 3 independent non-executive Directors) and Board committees (only 2 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 of the Company as a whole. Therefore, the Board considers that the deviation from the Code Provision C.2.1 is appropriate in such circumstances.

Except for the deviation mentioned above from the CG Code, the Company fully complied with all the Code Provisions throughout the year ended 31 December 2023.

IX. Model Code for Securities Transactions by Directors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules ("**Model Code**") as its own code of conduct for dealing in securities of the Company by the directors of the Company (the "**Directors**"). Having made specific enquiries of all the Directors, each Director has confirmed that he/she has complied with the required standards set out in the Model Code throughout the year of 2023.

X. Purchase, Sale or Redemption of the Company's Listed Securities

As at 31 December 2023, the Company had a total of 2,705,996,962 shares in issue. The Company repurchased a total of 44,098,000 shares on the Stock Exchange during the year ended 31 December 2023, among which 36,278,000 repurchased shares were cancelled in 2023 and 7,820,000 repurchased shares will be cancelled in 2024.

XI. Other Information and Subsequent to the Reporting Date

Acquisition of the entire equity interest in the Target Company

On 27 December 2023, Hainan More Richway Supply Chain Management Co., Ltd.* (the "**Purchaser**"), a wholly-owned subsidiary of the Company, and the then shareholders of Heibei Chun'ao Industrial Co., Ltd.* (the "**Target Company**") entered into an equity transfer agreement, pursuant to which the Purchaser agreed to purchase the entire equity interest in the Target Company for a total consideration of RMB127,563,521.68. For further details, please refer to the announcement of the Company dated 27 December 2023.

Distribution in specie of the shares in the Company by controlling shareholder

On 19 January 2024, the Company was notified by Famous Speech Limited ("**Famous Speech**"), the controlling shareholder of the Company (as defined under the Listing Rules), that Famous Speech approved a distribution in specie of 1,500,080,608 ordinary shares of the Company (the "**Shares**") held by it to its members, namely Ms. Wang Yihan ("**Ms. Wang**") and Magnificent Gardenia Limited ("**Magnificent Gardenia**") in proportion to their respective equity interest in Famous Speech (the "**Distribution in Specie**"). As at the date of the announcement on the Distribution in Specie, 1,500,080,608 Shares, representing approximately 55.44% of the total number of Shares in issue were held by Famous Speech (the "**Distribution Shares**"), which in turn is owned as to 73.3% and 26.7% by Ms. Wang and Magnificent Gardenia, respectively.

Under the Distribution in Specie, Famous Speech shall distribute 1,100,059,113 Distribution Shares to Ms. Wang to be held directly by Ace Beacon Holdings Limited ("**Ace Beacon**"), a company incorporated in the British Virgin Islands and wholly owned by Ms. Wang, and 400,021,495 Distribution Shares to Magnificent Gardenia. Upon completion of the Distribution in Specie, Famous Speech no longer holds any Shares, and each of Ace Beacon and Magnificent Gardenia becomes a direct shareholder of the Company, holding 1,100,059,113 Shares and 400,021,495 Shares, respectively. Please refer to the announcement of the Company dated 19 January 2024 for further details.

Continuing Connected Transaction Pursuant to Rule 14A.60 of the Listing Rules

Following completion of the Distribution in Specie, Magnificent Gardenia has become a substantial shareholder of the Company, and given Magnificent Gardenia is wholly owned by Minmetals South-East Asia, therefore Minmetals South-East Asia constitutes a connected person of the Company pursuant to Rule 14A.13 of the Listing Rules.

Before Minmetals South-East Asia becomes a connected person of the Company, the Company had entered into a cooperation agreement (the "**Cooperation Agreement**") with Minmetals South-East Asia. Upon completion of the Distribution in Specie, the transactions contemplated thereunder constitute as the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements (including publication of announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Cooperation Agreement. If the Cooperation Agreement is renewed or its terms are amended, the Company will comply with all applicable reporting, announcement and, if applicable, independent Shareholders' approval under Chapter 14A of the Listing Rules. For further details, please refer to the announcements of the Company dated 23 February 2024 and 13 March 2024.

Provision of Counter-Guarantees

Reference is made to the announcement of the Company dated 7 November 2022 in respect of the irrevocable counter-guarantee (the "**November 2022 Counter-Guarantee Contract**") in the aggregate amount up to RMB269.5 million provided by the Company in favour of Xiamen Xiangyu Joint Stock Company Limited* ("**Xiangyu Joint Stock**") in connection with the banking facilities in an aggregate principal amount of up to RMB500 million granted to Xianghui Energy (Xiamen) Co., Ltd.* ("**Xianghui Energy**"). On 19 February 2024, the Company and Xiangyu Joint Stock mutually agreed to terminate the November 2022 Counter-Guarantee Contract with immediate effect.

On the same date, the Company and Xiangyu Joint Stock entered into a counter-guarantee contract, pursuant to which the Company agreed to provide the counter-guarantee in favour of Xiangyu Joint Stock in proportion to its 49% equity interest in Xianghui Energy, pursuant to which the counter-guarantee (the "**Counter-Guarantee**") is for an aggregate amount of RMB215.6 million representing proportionate guaranteed amount together with any interests accrued thereon, any penalties, compensation and other related fees and expenses which may be payable by Xiangyu Joint Stock as contemplated under the bank guarantee contracts provided by Xiangyu Joint Stock in favour of the designated banks in relation to the banking facilities extended to Xianghui Energy. Xiangyu Joint Stock is a substantial shareholder of Inner Mongolia E-35 Technology Co., Ltd.* and Inner Mongolia Haotong Environmental Technology Co., Ltd.*, both of which are indirect non-wholly owned subsidiaries of the Company; therefore, Xiangyu Joint Stock is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. As a result, the provision of the Counter-Guarantee constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 19 February 2024.

Save as disclosed in this announcement and as at the date of this announcement, there were no other significant events that might affect the Group since 31 December 2023.

XII. Review of Annual Results

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2023.

XIII. Disclosure of Information on the Stock Exchange's Website

This annual results announcement is published on the websites of the Company (www.e-comm.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2023 will be available on the above websites in due course.

By Order of the Board
E-Commodities Holdings Limited
Cao Xinyi
Chairman

Hong Kong, 26 March 2024

As at the date of this announcement, the executive directors of the Company are Ms. Cao Xinyi, Mr. Wang Yaxu, Mr. Zhao Wei and Ms.Chen Xiuzhu; the non-executive director of the Company is Mr. Jin Zhiqiang and the independent non-executive directors of the Company are Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. Gao Zhikai.

* *For identification purpose only*