

WINSWAY 易大宗

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



INTERIM REPORT
2024



Contents

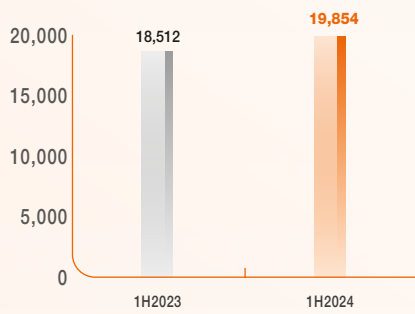
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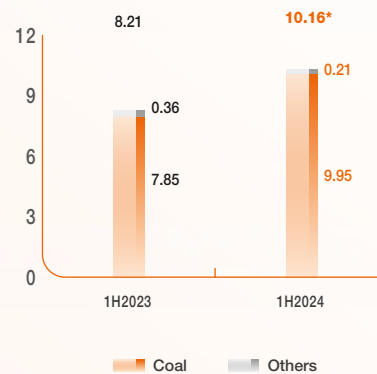
Management Discussion and Analysis

I. OVERVIEW

Revenue (in HK\$ million)

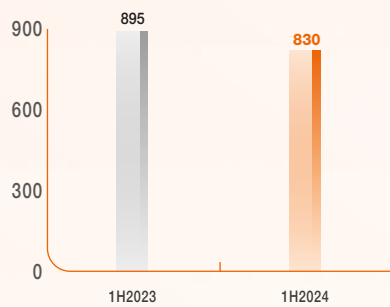


Supply Chain Trading Volume (million tonnes)

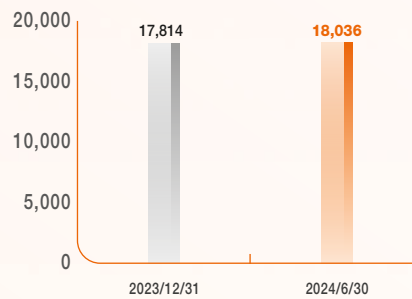


* Excluding sales volume of approximately 4.88 million tonnes of Mongolia coal traded through our associate Xianghui Energy.

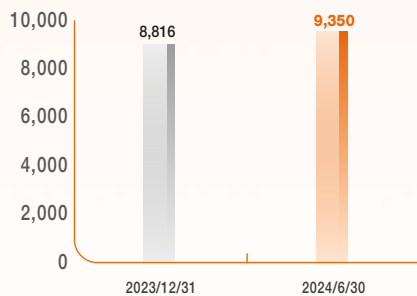
Net Profit (in HK\$ million)



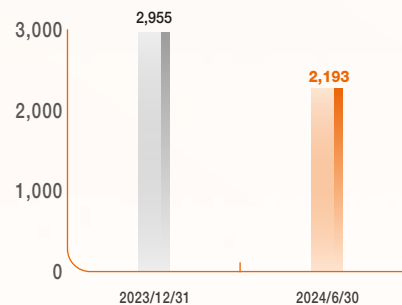
Total Assets (in HK\$ million)



Total Equity (in HK\$ million)



Cash Balance (in HK\$ million)



Management Discussion and Analysis

II. FINANCIAL REVIEW

1. Revenue Overview

In the first half of 2024, both domestic and international environment was complex and unpredictable, particularly marked by frequent global geopolitical conflicts and international trade tensions. Weak domestic demand and immense pressures on enterprises posed many difficulties and challenges in maintaining stable economic operations. In response to these challenges, the Company's management team strategically adapted to the changing circumstances, continuously refining its overall planning and business strategies. With the collaborative efforts of all the departments, the Company recorded a consolidated revenue of approximately HK\$19,854 million, representing an increase of approximately 7.25% compared with approximately HK\$18,512 million for the first half of 2023, mainly due to the coal trading volume increased by 26.73% compared with the same period last year, resulting in the coal trading revenue increased by 19.89% compared with the same period last year.

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Disaggregated by major products or service lines		
– Coal	16,858,477	14,061,455
– Rendering of integrated supply chain services	2,100,552	3,072,510
– Oil and petrochemical products	746,656	1,106,862
– Iron ore	112,917	194,140
– Coke	–	27,025
– Others	35,418	50,479
	19,854,020	18,512,471

For the first half of 2024, revenue in the amount of approximately HK\$4,911 million was generated from outside the PRC (including Hong Kong, Macau and Taiwan), representing 24.74% of the total revenue. Among which, both revenue generated from Indonesia and Malaysia increased significantly, by approximately 83.90% and 71.94%, respectively, compared with the same period in 2023.

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
– The PRC (including Hong Kong, Macau and Taiwan)	14,942,943	14,430,553
– Indonesia	1,835,536	998,118
– Malaysia	1,011,534	588,303
– South Korea	713,909	589,833
– Japan	503,291	138,123
– Mongolia	422,881	342,706
– India	295,276	639,504
– Vietnam	128,650	447,112
– Netherlands	–	338,219
	19,854,020	18,512,471

Management Discussion and Analysis

For the first half of 2024, the revenue from our top five customers accounted for 47.22% of our total revenue, whereas the same ratio was 43.12% in the first half of 2023. These customers are mainly large-scale, state-owned steel groups in China, all of which are in leading positions in the industry.

Supply Chain Trading

For the first half of 2024, our supply chain trading business sector recorded a revenue of approximately HK\$17,718 million, representing approximately 89.24% 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 and iron ore.

The revenue generated from coal products increased by approximately 19.89% from approximately HK\$14,061 million in the first half of 2023 to approximately HK\$16,858 million in the first half of 2024.

Integrated Supply Chain Services

For the first half of 2024, the Company recorded a revenue of approximately HK\$2,101 million from the integrated supply chain services segment, representing a decrease of approximately 31.63% compared with approximately HK\$3,073 million in the first half of 2023. This was mainly due to the transportation price continued to fall, which had an impact on revenue.

Business Prospects

The Company is positioned within the steel industry's supply chain, with upstream major international mining companies and downstream large domestic and international state-owned enterprises. Both ends of the chain are under pressure to meet tough energy-saving and carbon reduction targets. As a leading full service provider across the entire supply chain, our operations span mining, transportation, warehousing and processing. In line with national environmental policies, we are committed to actively supporting the industry's transformation towards energy conservation and reduced carbon emissions. We are dedicated to maintaining our market position through this transition, integrating our business strategy and planning to carve out a path toward sustainable development focused on new energy and intelligent technologies. We plan to invest in areas such as "intelligent mining" and "intelligent transportation" to expedite our transition to green energy use. Simultaneously, we will continue to capitalise on our strengths, investing in the expansion of the Sino-Mongolia land port and enhancing the construction of the Sino-Mongolia energy corridor, thereby making a substantial contribution to the country's strategic expansion northward.

2. Cost of Sales and Procurement

Cost of sales for the first half of 2024 was approximately HK\$18,622 million, representing an approximately 8.00% increase compared with approximately HK\$17,243 million in the first half of 2023. This was mainly due to increased volume of coal trading, resulting in increased corresponding costs.

Management Discussion and Analysis

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 border-crossing 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			
	2024		2023	
	Procurement volume '000 tonnes	Procurement amounts HK\$'000	Procurement volume '000 tonnes	Procurement amounts HK\$'000
Coal	8,719	13,881,556	7,331	12,086,916
Oil and petrochemical products	82	739,631	124	1,018,469
Iron ore	110	95,992	205	186,292
Coke	–	–	10	22,728
	8,911	14,717,179	7,670	13,314,405

In the first half of 2024, the total procurement amount was approximately HK\$14,717 million, of which, the procurement amount from top five suppliers accounted for approximately 34.71% and such suppliers are mainly the leading coking coal suppliers in the world. 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.

3. Operating Gross Profit

In the first half of 2024, the volatility of coking coal prices decreased, with a tight balance generally maintained between supply and demand. In the first quarter, due to weak demand from end users, steel mills were increasingly inclined to cut back production, resulting in notably lower molten iron output compared with the same period last year, and a consistent decline in coking coal prices. As demand for major steel varieties entered the high season in the second quarter, steel mills were more eager to increase production. However, after a temporary rebound, coking coal prices dipped again. On the supply side, domestic coking coal production was impacted by safety inspections, while imports provided additional supply. In this context, the Company posted approximately HK\$1,226 million in gross profit for the first half of 2024, of which, the supply chain trading business contributed 56.36% to the gross profit, and the integrated supply chain services contributed 43.64%.

It is worth noting that the Company’s comprehensive control over the entire supply chain has enabled us to effectively manage costs. Additionally, by actively adapting to changing market conditions and aligning with policy directions, for the integrated supply chain services sector, the Company achieved a gross profit of HK\$535 million and a gross profit margin thereof is approximately 25.47%.

Management Discussion and Analysis

4. Administrative Expenses

The Group recorded administrative expenses of approximately HK\$420 million for the first half of 2024, representing an increase of approximately 9.38% compared with administrative expenses of approximately HK\$384 million for the first half of 2023.

5. Staff Costs

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Salaries, wages, bonus and other benefits	427,311	382,681
Contributions to defined contribution retirement plan	8,405	7,409
	435,716	390,090

6. Other Income

The Group recorded an other income of approximately HK\$94 million for the first half of 2024, compared with the other income of approximately HK\$181 million for the first half of 2023. This was mainly due to using derivative instruments for hedging purposes whereby the Company generated approximately HK\$40 million in gains from the futures market.

7. Net Finance Costs

The Group recorded net finance costs of approximately HK\$56 million for the first half of 2024, representing an increase of approximately 107.41% compared with the net finance costs of approximately HK\$27 million for the first half of 2023. The increase was mainly due to an increase in interest expense by approximately 64.26% compared with the amount incurred for the first half of 2023. Such an increase was primarily due to the increased trading volume which resulted in the increased use of credit facility, and the increase in bill settlement leads to the bill discount increased.

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest income	(28,677)	(27,288)
Finance income	(28,677)	(27,288)
Interest on discounted bills receivable	26,416	12,709
Interest on secured bank loans	22,715	9,506
Interest on lease liabilities	14,196	16,339
Total interest expense	63,327	38,554
Bank and other charges	10,919	12,938
Foreign exchange loss, net	10,373	2,718
Finance costs	84,619	54,210
Net finance costs	55,942	26,922

Management Discussion and Analysis

8. Profit attributable to Equity Shareholders and Earnings per Share

The profit attributable to equity shareholders was approximately HK\$783 million for the first half of 2024, representing a decrease of approximately 7.34% compared with the profit attributable to equity shareholders of approximately HK\$845 million in the first half of 2023.

Both basic and diluted earnings per share were HK\$0.294 for the six months ended 30 June 2024.

9. Interests in Associates

Xianghui Energy commenced operation in October 2019 and is mainly engaged in trading Mongolian coal in the PRC. As at 30 June 2024, there is no material changes in respect of its business and financial conditions subsequent to 31 December 2023.

TTJV Co. LLC. (“**TTJV**”) commenced operation in March 2012. The investment in TTJV enables the Group to expand into the upstream of the integrated supply chain services. As at 30 June 2024, there is no material changes in respect of its business and financial conditions subsequent to 31 December 2023. On 8 August 2024, the Company acquired 70% of the issued share capital of Five Hills Investment Limited, which owns 100% equity interests of TTJV. As at the date of this report, TTJV is an indirect wholly-owned subsidiary of the Company. For further details, please refer to “Other Information – Subsequent Events” of this report.

10. Inventories

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Coal	2,625,702	3,383,414
Others	24,787	41,541
	2,650,489	3,424,955

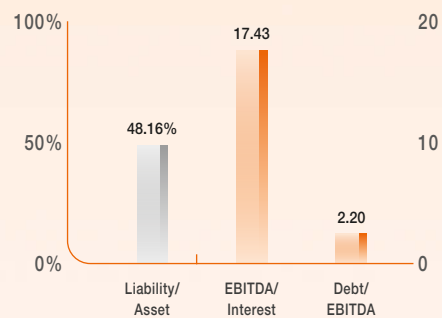
As at 30 June 2024, the amount of inventories is approximately HK\$2,650 million, representing a decrease of approximately 22.63% compared to approximately HK\$3,425 million as at 31 December 2023, and the impairment arrangement of inventories was approximately HK\$145 million.

Management Discussion and Analysis

11. Indebtedness and Liquidity

As at 30 June 2024, the total amount of bank loans owed by the Group was approximately HK\$1,995 million. Interest rates on these loans range from 1.57% to 7.36% per annum, whereas the range for the same period in 2023 was from 2.50% to 8.90%. The Group's gearing ratio as at 30 June 2024 was 48.16%, which represents a decrease compared with approximately 50.51% as at 31 December 2023. The Group calculates the gearing ratio on the basis of total liabilities divided by total assets.

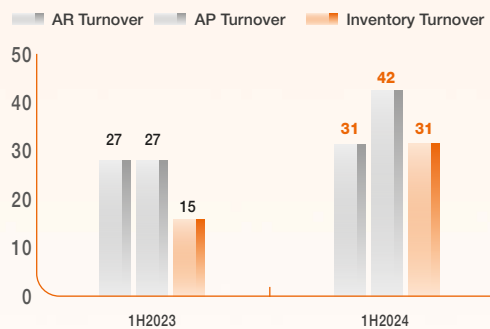
Indebtedness and Liquidity



12. Working Capital

For the first half of 2024, our accounts receivable turnover days, accounts payable turnover days, and inventory turnover days were approximately 31 days, 42 days, and 31 days, respectively. As a result, the overall cash conversion cycle was approximately 20 days.

Working Capital



Management Discussion and Analysis

13. Pledge of Assets

As at 30 June 2024, bank loans amounting to HK\$762 million (31 December 2023: HK\$428 million) had been secured by credit guarantee with a guarantee amount of HK\$760 million (31 December 2023: HK\$409 million) provided by subsidiaries of the Group and restricted bank deposits with an aggregate carrying value of HK\$2 million (31 December 2023: HK\$19 million).

As at 30 June 2024, bank loans amounting to HK\$492 million (31 December 2023: HK\$677 million) together with bills payable amounting to HK\$1,258 million (31 December 2023: HK\$722 million) had been secured by restricted bank deposits with an aggregate carrying value of HK\$213 million (31 December 2023: HK\$66 million), property, plant and equipment with an aggregate carrying value of HK\$737 million (31 December 2023: HK\$629 million), land use rights with an aggregate carrying value of HK\$102 million (31 December 2023: HK\$54 million), and inventories with an aggregate carrying value of HK\$1,009 million (31 December 2023: HK\$1,023 million).

As at 30 June 2024, bank loans amounting to HK\$582 million (31 December 2023: HK\$806 million) had been secured by trade and bills receivable with an aggregate carrying value of HK\$582 million (31 December 2023: HK\$811 million).

As at 30 June 2024, bank loans amounting to HK\$157 million (31 December 2023: HK\$137 million) had been secured by restricted bank deposits with an aggregate carrying value of HK\$157 million (31 December 2023: HK\$136 million).

As at 30 June 2024, bills payable amounting to HK\$2,449 million (31 December 2023: HK\$1,239 million) had been secured by restricted bank deposits with an aggregate carrying value of HK\$719 million (31 December 2023: HK\$520 million), structured deposits with an aggregate carrying value of HK\$406 million (31 December 2023: HK\$406 million), and bills receivable with an aggregate carrying value of HK\$1,612 million (31 December 2023: HK\$381 million).

As at 30 June 2024, lease liabilities amounting to HK\$94 million (31 December 2023: HK\$134 million) have been secured by property, plant and equipment with an aggregate carrying value of HK\$60 million (31 December 2023: HK\$102 million), land use rights with an aggregate carrying value of HK\$30 million (31 December 2023: HK\$30 million).

Management Discussion and Analysis

14. Cash Flow

For the first half of 2024, the Group had a net cash inflow from operating activities of approximately HK\$379 million compared with approximately HK\$1,716 million net cash inflow during the same period in 2023. The net cash inflow from operating activities in the first half of 2024 was mainly attributable to cash profit.

For the first half of 2024, the Group had a net cash outflow from investing activities of approximately HK\$748 million compared with approximately HK\$586 million net cash outflow during the same period in 2023. The cash outflow from investing activities in the first half of 2024 was approximately HK\$1,221 million which was mainly attributable to a cash outflow from logistics assets, coal washing plant construction and equipment, and other property investments of approximately HK\$495 million, increased occupation of restricted fund of approximately HK\$462 million, and acquisition of subsidiary of HK\$113 million. The cash inflow from investing activities in the first half of 2024 was approximately HK\$473 million, which was attributable to a cash inflow from receipt of dividends from associates, joint ventures and other investments of approximately HK\$169 million and receipt from futures business of approximately HK\$163 million.

For the first half of 2024, the Group had a net cash outflow from financing activities of approximately HK\$379 million compared to approximately HK\$353 million net cash outflow during the same period in 2023. The net cash outflow from financing activities in the first half of 2024 was mainly attributable to the payment of dividends of approximately HK\$210 million, lease repayments of approximately HK\$149 million and the further capital contribution in Inner Mongolia E-35 Technology Co., Ltd.* (內蒙古易至科技股份有限公司) and Inner Mongolia Haotong Environmental Technology Co., Ltd.* (內蒙古浩通環保科技有限公司) from Xiamen Xiangyu Joint Stock Company Limited* (廈門象嶼股份有限公司) of approximately HK\$109 million.

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 2024, 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 occupation 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 services, so as to improve the turnover rate of funds and reduce the daily working capital of the business. We actively opened up 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 the business for which 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. In the fluctuation of foreign exchange rate, the Company strategically conducted transactions in favourable currencies and used foreign exchange derivatives to avoid exchange rate fluctuation risks and lock in business profits during business operations.

Management Discussion and Analysis

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.

3. Industry-wide Transition to Green and Low-Carbon Operations in Steel Sector

In the current steel industry, encompassing both upstream large-scale mines and downstream major domestic and international steel mills, is under increasing pressure to meet energy conservation and emission reduction targets. As a leading full-chain service provider in the industry, the Group is fully aligning with national environmental policies and actively adapting to the industry's inevitable transition towards low-carbon and intelligent operations. However, the Group's ongoing investments and initiatives in the low-carbon transition may materially impact its integrated supply chain services business in the future.

4. 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.

5. Currency Risk

Over 56.31% of the Group's turnover in the first half of 2024 were denominated in Renminbi. Over 81.70% 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.

6. Fair Value Measurement

Certain of the Group's financial assets and liabilities are carried at fair value.

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 2024, 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 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 30 June 2024, the Group had 1,759 full-time employees (excluding 966 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	203	11%
Front-line production, production support and maintenance	81	5%
Sales and marketing	138	8%
Others (including projects, coal washing and transportations)	334	19%
Cargo drivers (Mongolia)	1,003	57%
	1,759	100%

Employee Education Overview

Qualifications	No. of Employees	Percentage
Master and above	116	7%
Bachelor	386	22%
Diploma	132	8%
Middle-school (secondary school) and below	1,125	63%
	1,759	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 2024, the Group held various internal and external training programs in an aggregate of 519 training hours for 4,830 participants in total.

Training Courses	No. of hours	No. of participants
Safety	138	1,446
Management and leadership	61	236
Professional skill	320	3,148
	519	4,830

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 2024.

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 2023. 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 2024, the Company had a total of 2,698,176,962 Shares in issue. In April 2024, the Company cancelled 7,820,000 Shares that repurchased during 2023. The Company repurchased a total of 1,630,000 Shares on the Stock Exchange in June 2024, all the repurchased Shares have been cancelled in July 2024.

Other Information

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

As at 30 June 2024, 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%

Note:

(1) The shareholding percentage of the Company is calculated on the basis of 2,698,176,962 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, 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 2024, 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 ⁽⁶⁾
Wang Yihan ^{(2) (5)}	The Company	Interest of controlled corporation	1,500,080,608 (L)	55.60%
Famous Speech Limited ⁽⁵⁾	The Company	Beneficial Owner	1,500,080,608 (L)	55.60%
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)	55.60%
Winsway Resources ⁽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)	55.60%
China Minmetals Corporation ^{(4) (5)}	The Company	Interest of controlled corporation	1,500,080,608 (L)	55.60%
Magnificent Gardenia Limited ^{(4) (5)}	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)	55.60%

Notes:

- (1) (L) – long position.
- (2) Ms. Wang (“**Ms. Wang**”) directly controls Famous Speech Limited (“**Famous Speech**”) and was deemed to be interested in the Shares held by Famous Speech. Ms. Wang was a director of Famous Speech. On 19 January 2024, Famous Speech approved a distribution in specie its 1,500,080,608 Shares to its members, namely Ms. Wang and Magnificent Gardenia Limited (“**Magnificent Gardenia**”) in proportion to their respective equity interest in Famous Speech (the “**Distribution in Specie**”). Following completion of the Distribution in Specie, Famous Speech no longer held any Shares, and each of Ms. Wang (through her wholly-owned subsidiary, Ace Beacon Holdings Limited) and Magnificent Gardenia became a direct shareholder of the Company, holding 1,100,059,113 Shares and 400,021,495 Shares, respectively. Further, on 19 August 2024, Famous Speech was dissolved and each of Ms. Wang and Magnificent Gardenia ceased to be a party to an agreement to which section 317 applies. Therefore, Ms. Wang is no longer needed to add the Shares held Magnificent Gardenia to her own interests.

Other Information

- (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 Ms. Wang and Famous Speech, therefore, each of Mr. Wang and Winsway Resources is deemed to be interested in the Shares in which each of Ms. Wang and Famous Speech is interested or deemed interested. 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 Shares. Upon completion of the Distribution in Specie and the dissolution of Famous Speech, Famous Speech had ceased to hold any Shares and Ms. Wang (through her wholly-owned subsidiary, Ace Beacon Holdings Limited) is deemed to be interested in 1,100,059,113 Shares.
- (4) China Minmetals Corporation (“**China Minmetals**”) was deemed to be interested in 1,500,080,608 Shares because Magnificent Gardenia Limited, a corporation controlled by it, entered into an agreement with Famous Speech and Ms. Wang 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. Following completion of the Distribution in Specie, Famous Speech no longer held any Shares, and each of Ms. Wang (through her wholly-owned subsidiary, Ace Beacon Holdings Limited) and Magnificent Gardenia became a direct shareholder of the Company, holding 1,100,059,113 and 400,021,495 Shares, respectively. Further, on 19 August 2024, Famous Speech was dissolved and each of Magnificent Gardenia and Ms. Wang has ceased to be a party to an agreement to which section 317 applies. Therefore, Magnificent Gardenia is no longer needed to add the 1,100,059,113 Shares in which Ms. Wang deemed interested (through her wholly-owned subsidiary, Ace Beacon Holdings Limited) to its own interests.
- (5) On 19 January 2024, Famous Speech approved the Distribution in Specie and distributed 1,100,059,113 Shares and 400,021,495 Shares to Ms. Wang (held by Ace Beacon Holdings Limited, a wholly-owned subsidiary of Ms. Wang) and Magnificent Gardenia, respectively. For further information on the Distribution in Specie, please refer to the Company’s announcement dated 19 January 2024. Upon completion of the Distribution in Specie, Famous Speech had ceased to hold any Shares, and subsequently Famous Speech was dissolved with effect from 19 August 2024. Following the dissolution of Famous Speech, each of Ms. Wang, Famous Speech and Magnificent Gardenia had ceased to be a party to an agreement to which section 317 of the SFO applies.
- (6) The shareholding percentage of the Company is calculated on the basis of 2,698,176,962 Shares in issue as at 30 June 2024, as the denominator.

Save as disclosed above, as at 30 June 2024, 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.

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. The purpose of the 2022 RSU Scheme is to retain and motivate participants to make contributions to the long-term growth and profits of the Group with a view to achieving the objective of increasing the value of the Group and to promote a greater alignment of the interests between the participants under the 2022 RSU Scheme and the Shareholders. Under the 2022 RSU Scheme, the participants (the “**Participant(s)**”) 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 total number of Shares (or, where cash amount is awarded in lieu of Shares, the aggregate number of Shares as are equivalent to the cash amount so awarded) underlying the restricted share unit(s) (“**RSU(s)**”) to be granted under the 2022 RSU Scheme (excluding the Shares underlying the RSUs that have lapsed or been cancelled in accordance with the terms of the 2022 RSU Scheme) shall not exceed 10% of the total number of Shares in issue as at the adoption date of the 2022 RSU Scheme. Under the 2022 RSU Scheme, the maximum number of Shares underlying the RSUs (including Shares, or shares equivalent to cash amount awarded, in respect of RSU Awards granted, vested, lapsed or cancelled) which may be granted to any one Participant during any 12-month period up to and including the relevant date of grant shall not exceed the limit in accordance with the applicable laws and regulations including, but not limited to, the Listing Rules, unless otherwise approved by the Board and/or the Shareholders (if applicable). Therefore, the maximum entitlement of each Participant under the 2022 RSU Scheme is subject to the 1% individual limit as stipulated under the Listing Rules.

Other Information

A Participant shall confirm acceptance of the grant of an RSU made to him/her in such form and manner as determined by the Board from time to time (the “**RSU Agreement**”), within such time period and in such manner as specified by the Board or the plan administrator. No amount is payable on the application or acceptance of RSU to be granted under the 2022 RSU Scheme. Once accepted, the RSU is deemed to be granted on the relevant date of grant. If acceptance of an RSU is not confirmed by a Participant within the time specified, the RSU will lapse, but the Company has the discretion to extend the time for acceptance and credit RSUs to the Participant’s account upon acceptance within the extended time.

Subject to the terms of the 2022 RSU Scheme, an RSU granted thereunder shall vest in accordance with the rules of the 2022 RSU Scheme and the terms specified in the RSU Agreement of the relevant participants, which shall be satisfied by the existing Shares to be purchased by way of on-market transactions by the trustee in accordance with the terms of the 2022 RSU Scheme and the trust deed. The Company shall procure that sufficient funds are provided to the trustee to enable the trustee to satisfy its obligations in connection with the 2022 RSU Scheme. The vesting provisions in any RSU Agreement will be determined either by the Board, or the remuneration committee of the Company if so delegated by the Board, each in its sole discretion, provided that, the period between the date of award and the date of vesting must be at least 12 months.

Under the 2022 RSU Scheme, upon vesting of the RSUs and subject to the fulfilment (or waiver) of vesting criteria and conditions, the relevant Shares (or cash amount) will be delivered to the Participant. No purchase price is payable by the Participant for the Shares underlying the RSUs to be granted under 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, 6 January 2022, and shall remain valid until 5 January 2032.

During Reporting Period, no RSUs was granted under the 2022 RSU Scheme. As at 1 January and 30 June 2024, the RSUs underlying 286,792,296 Shares were available for grant under the 2022 RSU Scheme. As at 30 June 2024, no outstanding and unvested RSUs 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 2024, 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 2024, 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.

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 2024, 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. 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.

Other Information

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company complied with the code provisions (the “**Code Provisions**”) set out in Part 2 of Appendix C1 to the Listing Rules, except for the deviation from the Code Provision C.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 C.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 2024.

UPDATE ON DIRECTOR’S INFORMATION

On 1 July 2024, the Company entered into a supplemental appointment letter with each of Ms. Cao Xinyi, Ms. Chen Xiuzhu and Mr. Wang Yaxu, pursuant to which the Company agreed to increase the fixed cash salary as the director’s fee of each of Ms. Cao Xinyi and Ms. Chen Xiuzhu to US\$200,000 per annum and increase the fixed cash salary as the director’s fee of Mr. Wang Yaxu to US\$100,000 per annum, for the period commencing from 1 July 2024 and ending on the expiration of the relevant existing appointment letters. Save and except for the above, other terms and conditions of the existing appointment letter of each of Ms. Cao Xinyi, Mr. Wang Yaxu and Ms. Chen Xiuzhu remained unchanged.

On 1 July 2024, Mr. Zhao Wei entered into the renewal director’s service agreement with the Company for a term of three years commencing from 1 July 2024, pursuant to which, the Company agreed to pay a fixed cash salary as the director’s fee in the amount of US\$200,000 per annum. Mr. Zhao Wei is subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

On 5 January 2024, Mr. Ng Yuk Keung was appointed as a director of RoboSense Technology Co., Ltd, a company listed on the Stock Exchange of Hong Kong Limited (stock code: 2498) for a term from the date of listing (i.e. 5 January 2024) to its third annual general meeting since the listing date aforementioned.

Save as disclosed above, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company’s last published annual report.

Other Information

INTERIM DIVIDEND

The declaration of an interim dividend in cash of HK\$0.073 per Share in the total amount of approximately HK\$196 million for the six months ended 30 June 2024 has been approved by the Board, which is expected to be payable on or around 16 January, 2025. 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.

SUBSEQUENT EVENTS

On 8 August 2024, the Company, as the purchaser, entered into a sale and purchase agreement with Seven Rocks Investment Limited, as the vendor, in relation to the acquisition of the 70% of the issued share capital of Five Hills Investment Limited by the Company for a cash consideration of US\$77,900,000. Upon completion of the aforesaid acquisition, Five Hills Investment Limited becomes a wholly-owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 8 August 2024.

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 2024.

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 2024 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
Mr. Zhao Wei
Ms. Chen Xiuzhu

Non-executive Director:

Mr. Jin Zhiqiang

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 2024 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	4	19,854,020	18,512,471
Cost of sales		(18,622,144)	(17,243,017)
Gross profit		1,231,876	1,269,454
Distribution costs		(5,777)	(5,059)
Administrative expenses		(420,041)	(384,483)
Other income	5	94,452	180,729
Profit from operations		900,510	1,060,641
Finance income	6(a)	28,677	27,288
Finance costs	6(a)	(84,619)	(54,210)
Net finance costs		(55,942)	(26,922)
Share of profits of associates		50,808	44,079
Share of profits/(losses) of joint ventures		43,884	(4,768)
Profit before taxation		939,260	1,073,030
Income tax	7	(109,157)	(178,114)
Profit for the period		830,103	894,916
Attributable to:			
Equity shareholders of the Company		782,859	844,604
Non-controlling interests		47,244	50,312
Profit for the period		830,103	894,916
Earnings per share			
Basic and diluted (HK\$)	8	0.294	0.314

The notes on pages 27 to 43 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 17(a).

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Profit for the period	830,103	894,916
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)	1,451	(2,537)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	(54,960)	(187,697)
Other comprehensive income for the period	(53,509)	(190,234)
Total comprehensive income for the period	776,594	704,682
Attributable to:		
Equity shareholders of the Company	746,888	666,178
Non-controlling interests	29,706	38,504
Total comprehensive income for the period	776,594	704,682

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated statement of financial position

at 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Non-current assets			
Property, plant and equipment	9	2,248,435	2,220,030
Investment property	9	222,030	224,562
Right-of-use assets		1,072,733	1,112,707
Construction in progress		213,409	242,996
Intangible assets		218,473	240,226
Interests in associates		974,146	1,093,674
Interests in joint ventures		172,540	101,208
Other investments in equity securities		105,340	102,646
Deferred tax assets		65,858	78,934
Other non-current assets	10	396,130	251,627
Total non-current assets		5,689,094	5,668,610
Current assets			
Inventories	11	2,650,489	3,424,955
Trade and other receivables	12	6,155,232	4,879,315
Restricted bank deposits	13	1,348,568	886,132
Cash and cash equivalents	14	2,192,803	2,955,453
Total current assets		12,347,092	12,145,855
Current liabilities			
Secured bank loans	16	1,862,145	1,907,519
Trade and other payables	15	5,606,009	5,353,272
Contract liabilities		358,635	534,019
Lease liabilities		232,036	254,377
Income tax payable		201,648	309,276
Total current liabilities		8,260,473	8,358,463
Net current assets		4,086,619	3,787,392
Total assets less current liabilities		9,775,713	9,456,002

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated statement of financial position (continued)

at 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Non-current liabilities			
Secured bank loans	16	132,360	139,640
Lease liabilities		206,199	366,045
Deferred income		26,947	28,444
Deferred tax liabilities		60,386	105,915
Total non-current liabilities		425,892	640,044
NET ASSETS		9,349,821	8,815,958
CAPITAL AND RESERVES			
Share capital	17(b)	5,413,093	5,420,519
Reserves		3,505,223	3,073,554
Total equity attributable to equity shareholders of the Company		8,918,316	8,494,073
Non-controlling interests		431,505	321,885
TOTAL EQUITY		9,349,821	8,815,958

Approved and authorised for issue by the board of directors on 23 August 2024.

Cao Xinyi)	Directors
)	
Wang Yaxu)	
)	

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Share capital HK\$'000 (note 17 (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 approved in respect of the previous year (note 17 (a))	-	-	-	-	-	-	-	(240,611)	(240,611)	(18,673)	(259,284)
Balance at 30 June 2023 and 1 July 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
Changes in equity for the six months ended 31 December 2023:											
Total comprehensive income	-	-	-	124,956	-	1,561	-	1,278,036	1,404,553	41,824	1,446,377
Purchase of own shares	-	-	-	-	(1,320)	-	-	-	(1,320)	-	(1,320)
Appropriation to statutory reserve	-	172,250	-	-	-	-	-	(172,250)	-	-	-
Dividends declared (note 17(a))	-	-	-	-	-	-	-	(211,151)	(211,151)	(5,327)	(216,478)
Balance at 31 December 2023	5,420,519	652,388	(44,834)	(461,518)	(8,036)	(41,556)	(37,206)	3,014,316	8,494,073	321,885	8,815,958

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated statement of changes in equity (continued)

for the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Share capital HK\$'000 (note 17(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 2024	5,420,519	652,388	(44,834)	(461,518)	(8,036)	(41,556)	(37,206)	3,014,316	8,494,073	321,885	8,815,958
Changes in equity for the six months ended 30 June 2024:											
Total comprehensive income	-	-	-	(37,422)	-	1,451	-	782,859	746,888	29,706	776,594
Purchase of own shares	-	-	-	-	(1,845)	-	-	-	(1,845)	-	(1,845)
Cancellation of repurchased shares	(7,426)	-	-	-	7,426	-	-	-	-	-	-
Contribution from non-controlling shareholders	-	-	-	-	-	-	(1,291)	-	(1,291)	110,588	109,297
Dividends distribution of non-controlling interests	-	-	-	-	-	-	-	-	-	(30,674)	(30,674)
Dividends approved in respect of the previous year (note 17 (a))	-	-	-	-	-	-	-	(319,509)	(319,509)	-	(319,509)
Balance at 30 June 2024	5,413,093	652,388	(44,834)	(498,940)	(2,455)	(40,105)	(38,497)	3,477,666	8,918,316	431,505	9,349,821

The notes on pages 27 to 43 form part of this interim financial report.

Condensed consolidated cash flow statement

for the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Operating activities			
Profit before taxation		939,260	1,073,030
Net realised and unrealised gain in fair value on derivative financial instruments and structured deposits products	5	(60,965)	(133,583)
Other adjustments		148,804	157,154
Income tax paid		(248,361)	(222,080)
Net change in inventories, trade and other receivables, contract liabilities and trade and other payables		(399,803)	841,243
Net cash generated from operating activities		378,935	1,715,764
Investing activities			
Payment for purchase of property, plant and equipment, construction in progress, right-of-use assets and intangible assets		(494,505)	(490,464)
Proceeds from disposal of property, plant and equipment		129,238	–
Increase in restricted bank deposits		(462,435)	(143,661)
Dividends received from associates, joint ventures and other investments		168,872	115,688
Net cash inflows from purchase or disposal of derivative financial instruments		162,841	127,154
Loan to a joint venture	10	(123,368)	(166,125)
Payment for acquisition of non-controlling interests		–	(7,630)
Acquisition of assets and liabilities through acquisition of a subsidiary		(112,561)	–
Other cash flows used in investing activities		(15,832)	(20,928)
Net cash used in investing activities		(747,750)	(585,966)
Financing activities			
Proceeds from bank loans		8,837,941	6,217,467
Repayment of bank loans		(8,883,897)	(6,326,065)
Capital element of lease rentals paid		(135,098)	(114,497)
Interest element of lease rentals paid		(13,547)	(16,339)
Proceeds from sales and lease back of property, plant and equipment		–	151,880
Purchase of own shares		(1,845)	(49,533)
Capital injection from non-controlling shareholders		109,297	–
Dividends paid to equity shareholders of the Company		(209,916)	(175,826)
Dividends paid to non-controlling shareholders		(36,180)	(18,673)
Interests paid		(46,065)	(21,530)
Net cash used in financing activities		(379,310)	(353,116)
Net (decrease)/increase in cash and cash equivalents		(748,125)	776,682
Cash and cash equivalents at 1 January	14	2,955,453	2,270,966
Effect of foreign exchange rate changes		(14,525)	(88,375)
Cash and cash equivalents at 30 June	14	2,192,803	2,959,273

The notes on pages 27 to 43 form part of this interim financial report.

Notes to the Unaudited Interim Financial Information

(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 23 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial information 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 information 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 2023 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 IFRS Accounting Standards 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 44.

The financial information relating to the financial year ended 31 December 2023 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.

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amended IFRS Accounting Standards issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

Except for above amendments, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, *Presentation of financial statements* (“2020 and 2022 amendments”, or collectively the “IAS 1 amendments”)

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements.

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

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	
	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Coal	16,858,477	14,061,455
– Rendering of integrated supply chain services	2,100,552	3,072,510
– Oil and petrochemical products	746,656	1,106,862
– Iron ore	112,917	194,140
– Coke	–	27,025
– Others	35,418	50,479
	19,854,020	18,512,471

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Disaggregated by geographical location of customers		
– The PRC (including Hong Kong, Macau and Taiwan)	14,942,943	14,430,553
– Indonesia	1,835,536	998,118
– Malaysia	1,011,534	588,303
– South Korea	713,909	589,833
– Japan	503,291	138,123
– Mongolia	422,881	342,706
– India	295,276	639,504
– Vietnam	128,650	447,112
– Netherlands	–	338,219
	19,854,020	18,512,471

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

The geographical location of customers is based on the location at which the services were provided or the goods delivered.

Notes to the Unaudited Interim Financial Information

(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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
For the six months ended 30 June						
Disaggregated by timing of revenue recognition						
Point in time	17,753,468	15,439,961	1,781,391	2,684,732	19,534,859	18,124,693
Over time	–	–	319,161	387,778	319,161	387,778
Revenue from external customers	17,753,468	15,439,961	2,100,552	3,072,510	19,854,020	18,512,471
Inter-segment revenue	–	–	488,995	444,286	488,995	444,286
Reportable segment revenue	17,753,468	15,439,961	2,589,547	3,516,796	20,343,015	18,956,757
Reportable segment profit (adjusted EBITDA)	480,835	394,581	707,816	897,697	1,188,651	1,292,278
Interest income	15,026	21,773	13,651	5,515	28,677	27,288
Interest expense	(46,765)	(20,973)	(16,562)	(17,581)	(63,327)	(38,554)
Depreciation and amortisation	(47,842)	(32,891)	(155,355)	(137,818)	(203,197)	(170,709)
Reversal of provision/(provision) for impairment losses on trade and other receivables	7,562	(30,986)	2,186	9,369	9,748	(21,617)
Additions to non-current segment assets during the period	179,366	312,892	319,605	407,443	498,971	720,335
As at 30 June/31 December						
Reportable segment assets (including interest in associates and joint ventures)	14,478,676	13,849,637	4,874,896	5,330,331	19,353,572	19,179,968
Reportable segment liabilities	8,799,457	8,298,288	1,008,118	1,729,465	9,807,575	10,027,753

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 reversal of provision/(provision) for impairment losses on trade and other receivables.

Notes to the Unaudited Interim Financial Information

(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	
	2024 HK\$'000	2023 HK\$'000
Reportable segment profit	1,188,651	1,292,278
Depreciation and amortisation	(203,197)	(170,709)
Net finance costs	(55,942)	(26,922)
Reversal of provision/(provision) for impairment losses on trade and other receivables	9,748	(21,617)
Consolidated profit before taxation	939,260	1,073,030

5 OTHER INCOME

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Net realised and unrealised gain on derivative financial instruments and structured deposits products (note)	60,965	133,583
Government grants	31,007	24,322
Others	2,480	22,824
	94,452	180,729

Note: Net realised and unrealised gain on derivative financial instruments mainly represented the net gain from commodity futures contracts entered into by the Group during the period ended 30 June 2024 and 2023.

Notes to the Unaudited Interim Financial Information

(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	
	2024 HK\$'000	2023 HK\$'000
Interest income	(28,677)	(27,288)
Finance income	(28,677)	(27,288)
Interest on discounted bills receivable	26,416	12,709
Interest on secured bank loans	22,715	9,506
Interest on lease liabilities	14,196	16,339
Total interest expense	63,327	38,554
Bank and other charges	10,919	12,938
Foreign exchange loss, net	10,373	2,718
Finance costs	84,619	54,210
Net finance costs	55,942	26,922

(b) Staff costs

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Salaries, wages, bonus and other benefits	427,311	382,681
Contributions to defined contribution retirement plan	8,405	7,409
	435,716	390,090

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

6 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Amortisation and depreciation		
– property, plant and equipment	114,233	92,693
– right-of-use assets	77,843	72,558
– intangible assets	11,121	5,458
(Reversal of provision)/provision for impairment losses on trade and other receivables		
– trade receivables	(9,444)	20,886
– other receivables	(304)	731
Cost of inventories		
– carrying amount of inventories sold	16,835,005	14,906,517
– write-down of inventories	144,710	90,599

7 INCOME TAX

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Current tax-Hong Kong Profits Tax		
Provision for the period	13,987	2,376
Current tax-Outside of Hong Kong		
Provision for the period	120,061	135,315
Under-provision in respect of prior years	7,562	6,056
Deferred Tax		
Origination and reversal of temporary differences	(32,453)	34,367
	109,157	178,114

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (CONTINUED)

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% (2023: 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% (2023: 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.

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

Pillar Two income taxes

The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Group has mainly operation in Hong Kong, Singapore, Chinese Mainland and Mongolia. It is within the scope of the OECD Pillar Two model rules. As of the reporting date, there is no public announcement in jurisdictions including Chinese Mainland. Singapore has announced that it plans to introduce the Qualified Domestic Minimum Top-Up Tax ("QDMTT") and Income Inclusion Rule ("IIR") from 2025 onwards and legislation plan has not been announced. Hong Kong has announced that it plans to implement the QDMTT, IIR and Undertaxed Payment Rule ("UTPR") starting from 2025 onwards and expects to submit legislative proposals to the Legislative Council in the second half of 2024. Mongolia has announced that it plans to introduce the Pillar Two rules but the implementation of the rules and the legislation plan have not been announced.

Since the Pillar Two legislation in the jurisdictions that the Group operates in was not enacted or substantively enacted as at the reporting date, and due to the uncertainty of the announcement of the legislation and the complexities in applying the legislation and calculating the Global Anti-Base Erosion Proposal ("GloBE") income, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on profit attributable to equity shareholders of the Company of HK\$782,859,000 (six months ended 30 June 2023: HK\$844,604,000) and the weighted average number of ordinary shares of 2,663,980,000 (six months ended 30 June 2023: 2,688,140,000 shares) in issue during the six months ended 30 June 2024, calculated as follows:

Weighted average number of ordinary shares (basic):

	Six months ended 30 June	
	2024 '000	2023 '000
Issued ordinary shares at 1 January	2,705,997	2,867,923
Effect of purchase of own shares	(8,288)	(146,054)
Effect of purchase of shares held by the employee share trusts ^(note)	(33,729)	(33,729)
Weighted average number of ordinary shares (basic) as at 30 June	2,663,980	2,688,140

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 2024 and 2023, basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue during the period.

9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(a) Acquisitions and disposals

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with the amount of HK\$121,136,000 (six months ended 30 June 2023: HK\$65,520,000). On the other hand, items of property, plant and equipment with a net book value of HK\$117,271,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$10,345,000), resulting in a gain on disposal of HK\$3,890,000 (six months ended 30 June 2023: HK\$1,034,000).

(b) Transfer from construction in progress

During the six months ended 30 June 2024, construction in progress with a cost of HK\$146,039,000 (six months ended 30 June 2023: HK\$306,164,000) has been transferred into property, plant and equipment.

(c) As at 30 June 2024, property ownership certificates of certain properties of the Group with an aggregate net book value of HK\$339,149,000 (31 December 2023: HK\$227,273,000) are yet to be obtained, the Group is in the progress of applying for registration of the ownership certificates for such properties.

(d) As at 30 June 2024, property, plant and equipment of the Group of HK\$796,857,000 (31 December 2023: HK\$730,220,000) have been pledged as collateral for the Group's borrowings (see note 16), bills payable (see note 15) and lease liabilities.

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

10 OTHER NON-CURRENT ASSETS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Loan to a joint venture (note)	340,115	205,921
Advance payments for property and equipment and construction in progress	56,015	45,706
	396,130	251,627

Note:

On 4 January 2023, the Group entered into a loan agreement ("2023 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 2023 Loan Agreement, the maximum cap under 2023 Loan Agreement 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. In the first half of 2024, the Group entered into another loan agreement ("2024 Loan Agreement") with the Joint Venture to finance its purchase of additional logistics facilities. The maximum cap under 2024 Loan Agreement is US\$15,800,000. and the terms were identical to 2023 Loan Agreement. As at 30 June 2024, the aggregated principal amount of the loan to the Joint Venture amounted to US\$40,800,000 (equivalent to HK\$318,571,000), and the accrued interest amounted to US\$2,759,000 (equivalent to HK\$21,544,000).

11 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Coal	2,625,702	3,383,414
Others	24,787	41,541
	2,650,489	3,424,955

At 30 June 2024, inventories of the Group of HK\$1,009,149,000 (31 December 2023: HK\$1,023,315,000) have been pledged as collateral for the Group's borrowings (see note 16), bills payable (see note 15).

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

12 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 2024 HK\$'000	At 31 December 2023 HK\$'000
Within 3 months	1,502,938	1,341,226
3 to 6 months	82,592	106,972
Trade debtors and bills receivable, net of loss allowance	1,585,530	1,448,198
Bank acceptance bill	2,449,892	1,005,692
Other debtors	117,684	56,660
Financial assets measured at amortised cost	4,153,106	2,510,550
Deposits and prepayments	1,175,909	1,300,343
Other tax recoverable	323,635	457,586
Derivative financial instruments (note i)	96,559	200,171
Investment in structured deposit products (note ii)	406,023	410,665
	6,155,232	4,879,315

Notes:

- (i) As at 30 June 2024 and 31 December 2023, derivative financial instruments represented the fair value of commodity futures contracts entered into by the Group.
- (ii) As at 30 June 2024 and 31 December 2023, the structured deposit products were issued by two commercial banks with variable interest rates.

At 30 June 2024, bills receivable of the Group of HK\$1,611,607,000 (31 December 2023: HK\$381,255,000) have been pledged as collateral for the Group's bills payable (see note 15).

At 30 June 2024, trade and bills receivables discounted at banks with recourse total HK\$582,085,000 (31 December 2023: HK\$811,423,000). These trade and bills receivables were not derecognised as the Group remains exposed to the credit risk of these receivables.

13 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits of HK\$1,090,577,000 (31 December 2023: HK\$740,657,000) as at 30 June 2024 as collateral for the Group's borrowings (see note 16) and banking facilities in respect of issuance of bills and letters of credit by the Group (see note 15).

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

14 CASH AND CASH EQUIVALENTS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Cash at bank and on hand	2,192,803	2,955,453

At 30 June 2024, cash and cash equivalents of HK\$1,721,400,000 (31 December 2023: HK\$1,618,201,000) 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.

15 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 2024 HK\$'000	At 31 December 2023 HK\$'000
Within 3 months	3,488,877	3,284,326
More than 3 months but less than 6 months	1,051,217	436,306
More than 6 months but less than 1 year	64,350	266,680
More than 1 year	15,776	17,179
Total trade and bills payables	4,620,220	4,004,491
Payables for construction projects and equipment	172,546	257,372
Payables for staff related costs	279,363	569,896
Payables for other taxes	76,934	84,496
Dividends payable	338,727	234,599
Payables for acquisition of a subsidiary	32,576	145,317
Others	85,643	57,101
Financial liabilities measured at amortised cost	5,606,009	5,353,272

The Group's bills payable are analysed as follows:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Secured by restricted bank deposits, property, plant and equipment, land use rights and inventories	1,258,107	722,398
Secured by restricted bank deposits, bills receivable and structured deposits	2,449,420	1,239,241
	3,707,527	1,961,639

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

16 SECURED BANK LOANS

The secured bank loans are analysed as follows:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Secured by discounted trade and bills receivables	582,085	805,768
Secured by restricted bank deposits, property, plant and equipment, land use rights and inventories	492,451	677,002
Secured by restricted bank deposits	157,475	136,586
Credit guarantee	762,494	427,803
	1,994,505	2,047,159

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interim dividend declared and paid after the interim period of HK\$0.073 per share (six months ended 30 June 2023: HK\$0.078 per share)	195,715	211,151

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	
	2024 HK\$'000	2023 HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.118 per share (six months ended 30 June 2023: HK\$0.084)	319,509	240,611

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

17 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

	2024		2023	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Ordinary shares, issued and fully paid:				
Existing shares at 1 January	2,705,997	5,420,519	2,867,923	5,661,398
Cancellation of repurchased shares (note)	(7,820)	(7,426)	(161,926)	(240,879)
At 30 June 2024/31 December 2023	2,698,177	5,413,093	2,705,997	5,420,519

Note: During the six months ended 30 June 2024, the Company cancelled in aggregate of 7,820,000 its own shares from the open market (six months ended 30 June 2023: 161,926,000).

18 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 Information

(Expressed in Hong Kong dollars unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

	Fair value measurements as at 30 June 2024 categorised into			
	Fair value at 30 June 2024 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	96,559	96,559	–	–
Unlisted equity securities				
– Other investments in equity securities	105,340	–	–	105,340
	Fair value measurements as at 31 December 2023 categorised into			
	Fair value at 31 December 2023 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	200,171	200,171	–	–
Unlisted equity securities				
– Other investment in equity securities	102,646	–	–	102,646

During the six months ended 30 June 2024, there have been no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: 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.

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value

Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Unlisted equity securities	Adjusted net assets method	Marketability discount	10% (2023: 10%)

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

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Unlisted equity securities:		
At 1 January	102,646	92,235
Payment for capital contribution	2,158	8,885
Net unrealised gain/(losses) recognised in other comprehensive income during the period	1,451	(2,537)
Exchange adjustments	(915)	(1,699)
As at 30 June	105,340	96,884

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.

19 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	
	2024 HK\$'000	2023 HK\$'000
Sales of products to associates and a joint venture	1,804,772	1,296,532
Purchase of products from an associate	231,834	–
Rendering of integrated supply chain services and other services to an associate and joint ventures	1,809,620	2,685,204
Disposal of property, plant and equipment to a joint venture	115,965	–

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.

Notes to the Unaudited Interim Financial Information

(Expressed in Hong Kong dollars unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material related party balances

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

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Receivables due from associates and joint ventures	323,551	394,890
Providing loans to a joint venture	340,115	205,921
Payables due to an associate and joint ventures	38,098	17,912
Contract liabilities due to an associate	2,370	42,434

20 COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Authorised but not contracted for acquisition of property, plant and equipment	1,056,458	724,277
Contracted for acquisition of property, plant and equipment	437,434	340,884
	1,493,892	1,065,161

21 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

- (a) On 8 August 2024, the Company, as the purchaser, entered into a sale and purchase agreement with Seven Rocks Investment Limited, as the vendor, in relation to the acquisition of the 70% of the issued share capital of Five Hills Investment Limited by the Company for a cash consideration of US\$77,900,000. Upon completion of the aforesaid acquisition, Five Hills Investment Limited will become a wholly-owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 8 August 2024
- (b) After the end of the reporting period the directors proposed an interim dividend. Further details are disclosed in note 17(a).

22 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current period's presentation.

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 20 to 43 which comprises the consolidated statement of financial position of E-Commodities Holdings Limited (the “Company”) as of 30 June 2024 and the related the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the 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 2024 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

23 August 2024